

No 9331.113^a315

Pts. 9-12



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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

**HEARINGS
BEFORE THE
SELECT COMMITTEE
ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD
EIGHTY-FIFTH CONGRESS
FIRST SESSION**

PURSUANT TO SENATE RESOLUTION 74, 85TH CONGRESS

JULY 17, 18, 19, 22, 23, 25, AND 26, 1957

PART 9

**Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field**



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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1957

pts. 9-12

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR
MANAGEMENT FIELD

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ROBERT F. KENNEDY, *Chief Counsel*
RUTH YOUNG WATT, *Chief Clerk*

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**May be found in the printed record.

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, JULY 17, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 2:30 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator John F. Kennedy, Democrat, Massachusetts; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

(Members present at the convening of the session: Senators McClellan and Goldwater.)

The CHAIRMAN. The committee will come to order.

The Chair will make a preliminary statement as we begin the hearings in a new phase and in a new area, and related to new or different unions in the inquiry that this committee is conducting.

I would suggest to members of the press if you have a copy of this printed statement the Chair is about to make that you follow the reading of it closely. There have been some minor changes in the copy that you have.

This committee, under Resolution 74 of the 85th Congress, has been directed to conduct an investigation of the extent to which improper practices exist in the field of labor-management relations and to determine whether any changes are required in the laws to protect the interests of labor, of management, or of the public in this area.

The committee, in hearings beginning today, intends to look into allegations that Anthony Valente and Lloyd Klenert, president and secretary-treasurer, respectively, of the United Textile Workers of America, misappropriated union funds to purchase private homes. It has been represented to the committee that Mr. Klenert and Mr. Valente took steps to return this money only after their misuse of these union funds had been discovered by George Meany, then secretary-treasurer of the AFL. To make these repayments, there may be evidence that Mr. Klenert and Mr. Valente approached officers of companies that have contracts with their union.

The committee will also inquire into whether Mr. Klenert with union funds in excess of \$40,000 made large numbers of personal purchases for himself, his family and his friends.

If these facts are true, it is, of course, of much concern to this committee. But what causes even greater concern is the evident lack of any check or balance on the activities of these officials by the failure of the executive board to meet its responsibilities. The executive board members and the trustees, if they become aware of the misuse of union funds and take no action, are violating their responsibilities to and the trust reposed in them by the membership. We will seek, in this series of committee hearings, to determine what legislation is necessary to insure that the rank and file members of the union may exercise proper control over their affairs and compel a fair and proper accounting for their union dues.

Is there anything further?

Senator GOLDWATER. Mr. Chairman?

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. I would like to ask the counsel relative to this portion of your statement, and I read from it.

It was represented that Mr. Klenert and Mr. Valente took steps to return this money only after their misuse of these union funds had been discovered by George Meany, then secretary-treasurer of the AFL.

Could the chief counsel tell me approximately when Mr. Meany made this discovery?

Mr. KENNEDY. Approximately in August of 1952, Senator, sometime during that period of time starting from May of 1952 through the end of the year, or October 1952.

Senator GOLDWATER. Do you know, Mr. Kennedy, if Mr. Meany took any steps to see that these funds were replaced?

Mr. KENNEDY. He took some steps in connection with this.

Senator GOLDWATER. Are Mr. Valente and Mr. Klenert still the officers that are represented here, president and secretary-treasurer of the United Textile Workers?

Mr. KENNEDY. Yes, they are.

Senator GOLDWATER. Do you know if Mr. Meany, in view of the fact that in February, I believe, of this year, the code of ethical practices was put into being by the AFL-CIO, has taken any steps to remove these men from their offices in this union?

Mr. KENNEDY. It is expected that Mr. Meany will testify at this hearing, Senator, and I expect that he can answer any questions better than I could.

Senator GOLDWATER. But you know of no steps having been taken to apply the code of ethics?

Mr. KENNEDY. I do not.

Senator GOLDWATER. Mr. Chairman, the reason I ask that is that I have not heard of it either, and because the code of ethical practices was so widely and well received when it came out, I am a little bit surprised to learn that no steps had been taken to apply this code in this case.

I might say in connection with this that there have been 10 of various degrees of importance of the UAW who have taken either the fifth amendment or the first amendment, and to my knowledge only 2 of these have been removed from office or removed from their position

of responsibility with this union. So I will look forward to the chance to inquire of Mr. Meany whether this code of ethics means anything or whether it is merely a smokescreen.

The CHAIRMAN. The Chair may state for Senator Goldwater, and for the information of others, that Mr. Meany has been requested to appear next Monday to testify before this committee. We hope to have the facts developed at that time.

Is there anything further?

If not, call the first witness.

(Members present at this point: Senators McClellan and Goldwater.)

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALTIMONT. I do.

TESTIMONY OF ALFRED A. ALTIMONT

The CHAIRMAN. Please state your name, your place of residence, and your business or occupation.

(At this point, Senator Mundt entered the hearing room.)

Mr. ALTIMONT. Alfred A. Altimont, 6904 Strathmore Street. I am a contractor.

The CHAIRMAN. What kind of contracting business are you in?

Mr. ALTIMONT. General contracting.

The CHAIRMAN. General contracting?

Mr. ALTIMONT. Yes, sir.

The CHAIRMAN. How long have you been in that business?

Mr. ALTIMONT. About 7 years.

The CHAIRMAN. Are you familiar with the rules of the committee which permit you to have counsel present if you desire while you testify?

Mr. ALTIMONT. Yes.

The CHAIRMAN. Do you waive counsel?

Mr. ALTIMONT. Yes.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Altimont, you and your brother have been building homes since approximately 1950, is that right?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. Did you build certain homes that were ultimately sold to Mr. Anthony Valente and Mr. Lloyd Klenert?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. That was in April of 1952?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. Did you sell those homes outright to Mr. Valente and Mr. Klenert?

Mr. ALTIMONT. No. It was through the Beitzell real estate agency.

Mr. KENNEDY. Through Beitzell?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. Who was listed as the buyer of those homes?

Mr. ALTIMONT. Well, actually, when you deal with real estate people like that, the buyers and the sellers usually don't get together. We dealt with Nolan Parker, an agent of Beitzell.

Mr. KENNEDY. You dealt with whom?

Mr. ALTIMONT. Nolan Parker.

Mr. KENNEDY. Parker Nolan, do you mean?

Mr. ALTIMONT. Parker Nolan.

Mr. KENNEDY. Parker Nolan?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. So you sold those homes through Parker Nolan, is that right?

Mr. ALTIMONT. Well, through him. As I say, usually a real estate agent will not let the buyer's name be known to the builder.

Mr. KENNEDY. You did not know the buyer's name in this case?

Mr. ALTIMONT. No.

Mr. KENNEDY. Mr. Chairman, could Mr. Altimont identify that document?

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of a contract dated here in Washington, D. C., on April 4, 1952, referring to certain property at 3507 Saul Road and 9801 Alfred Ray Road, Rock Creek Hills, Montgomery County, Md., in which acknowledgement is made of receipt of some \$2,000 from Evelyn M. Noland. Will you examine it and see if you identify it as a photostatic copy?

(Document handed to witness)

Mr. ALTIMONT. That is it, yes.

The CHAIRMAN. What is that?

Mr. ALTIMONT. That is a sales contract.

The CHAIRMAN. I beg your pardon?

Mr. ALTIMONT. A sales contract.

The CHAIRMAN. A sales contract for that property?

Mr. ALTIMONT. Yes, sir.

The CHAIRMAN. Who signed the sales contract?

Mr. ALTIMONT. Evelyn M. Nolan as purchaser and Alfred A. Altimont and Albert J. Altimont as sellers.

The CHAIRMAN. That is you and your brother?

Mr. ALTIMONT. Correct.

The CHAIRMAN. That may be made exhibit 1, for reference.

(The document referred to was marked "Exhibit 1" for reference and will be found in the appendix on pp. 3511-3512.)

Mr. KENNEDY. There was a deposit made of \$2,000, is that right?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. And the property was identified as 3507 Saul Road and 9801 Alfred Ray Road, Rock Creek Hills, Montgomery County, Md., is that right?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. They were two separate homes?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. The total purchase price was how much?

Mr. ALTIMONT. Ninety-five.

Mr. KENNEDY. \$95,000, is that right, for the 2 homes?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. The purchaser agreed to pay \$57,000, is that right?

(At this point, Senator Curtis entered the hearing room.)

Mr. ALTIMONT. There was a construction loan on the two houses. I think we used up the sum of \$38,000 on the two combined.

Mr. KENNEDY. There were two trusts on the homes, is that right?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. One amounting to \$18,000 and the other amounting to \$20,000?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. So adding those two together, the difference was \$57,000, is that right?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. The settlement charges. So the purchasers agreed to pay—this is of some importance to us and I want to be sure—the purchasers agreed to pay \$57,000 and assume or pay off the two mortgages of \$18,000 and \$20,000, is that right?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. And the seller agreed to pay to J. Garrett Beitzell, agent, a commission of \$5,000?

Mr. ALTIMONT. Correct.

Mr. KENNEDY. You received subsequent to that a check for the sale of those homes, is that right?

Mr. ALTIMONT. Correct.

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a check dated May 6, I believe, 1952, apparently payable to you and your brother in the amount of \$51,515.46, signed or given by Mutual Title Co., trustee account, signed by the vice president and treasurer of that company.

Will you examine it and state if you identify it as a photostatic copy of the check you and your brother received on this transaction? (Document handed to witness.)

Mr. ALTIMONT. That is correct.

The CHAIRMAN. That is correct?

Mr. ALTIMONT. Yes.

The CHAIRMAN. That may be made exhibit No. 2.

(The document referred to was marked "Exhibit No. 2" for reference and will be found in the appendix on p. 3513.)

The CHAIRMAN. It may be copied in the record.

Mr. KENNEDY. Who was the Mutual Title Co?

Mr. ALTIMONT. It was a title company. It was the first time I dealt with them.

Mr. KENNEDY. I don't want you to identify them, but what was their connection with this transaction?

Mr. ALTIMONT. They make settlement.

Mr. KENNEDY. They make the settlements?

Mr. ALTIMONT. Yes.

Mr. KENNEDY. You received the settlement from them?

Mr. ALTIMONT. From them.

Mr. KENNEDY. It was their check for \$51,515.46 that you received from them?

Mr. ALTIMONT. Yes; that is right.

Mr. KENNEDY. And that is all that you had to do with this transaction?

Mr. ALTIMONT. That is correct.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Are there any other questions?

If there are no further questions, thank you very much.

Senator Mundt?

Senator MUNDT. At the time you got the \$53,000 check——

Mr. ALTIMONT. Fifty-one.

Senator MUNDT. The \$51,000 check, to whom did you think the house had been sold at that time?

Mr. ALTIMONT. Well, I believe subsequent to actual settlement it was about 45 days after the contract was signed, or close to it, I had met Lloyd Klenett and Valente. I had met them. I think I had met them prior to his final settlement. In other words, once the sales contract was signed and the deposit was put on it, the real estate agent feels free for the builder and buyer to meet. He feels safe.

Senator MUNDT. Just to have you reconstruct your own personal reaction, you thought you sold the house originally to Evelyn Nolan, was it?

Mr. ALTIMONT. No, not really.

Senator MUNDT. You did not think she bought it, you just did not know who did buy it?

Mr. ALTIMONT. That is correct.

Senator MUNDT. That is correct?

Mr. ALTIMONT. Yes.

Senator MUNDT. When did you first find out who actually bought it, and how did you find that out?

Mr. ALTIMONT. Well, actually some time prior to—rather, after signing the sales contract to settlement, I believe we met Klenert and Valente and we went over some items that they wanted corrected on the house prior to moving in, prior to settlement.

Senator MUNDT. They told you then that they had bought the house?

Mr. ALTIMONT. Yes.

Senator MUNDT. And you met them through the Nolans, did you? Or the Parkers?

Mr. ALTIMONT. Either that or they called me. I don't remember the exact meeting.

Senator MUNDT. You did not know these people before that?

Mr. ALTIMONT. Definitely not.

Senator MUNDT. So somebody had to get in touch with them?

Mr. ALTIMONT. Correct.

Senator MUNDT. It was probably the man who made the sale?

Mr. ALTIMONT. Correct.

Senator MUNDT. All right.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Miss Aileen Callaghan.

(Members present at this point: Senators McClellan, Goldwater, Mundt, and Curtis.)

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Miss CALLAGHAN. I do.

TESTIMONY OF MISS AILEEN CALLAGHAN

The CHAIRMAN. Miss Callaghan, will you state your name, your place of residence, and your business, occupation, or employment?

Miss CALLAGHAN. Aileen Callaghan. I am secretary to J. Garrett Beitzell, realtor.

The CHAIRMAN. Did you state your residence?

Miss CALLAGHAN. 2700 Connecticut Avenue.

The CHAIRMAN. Thank you.

You are familiar, I assume, with the rules of the committee permitting you to have counsel present to advise you, if you desire?

Miss CALLAGHAN. Yes, sir. I am.

The CHAIRMAN. Do you waive counsel?

Miss CALLAGHAN. I do.

The CHAIRMAN. Thank you.

All right, Mr. Kennedy.

Mr. KENNEDY. What was the first transaction that you had in connection with the sale of these two houses?

Miss CALLAGHAN. Well, when the contract came into the office, when Mr. Nolan brought it in.

Mr. KENNEDY. The first moneys that you received was \$2,000, is that right?

Miss CALLAGHAN. Yes, that is right, two \$1,000 checks.

The CHAIRMAN. Does taking pictures while you are testifying bother you?

Miss CALLAGHAN. I don't like it.

The CHAIRMAN. The photographers will refrain from taking pictures while the witness is testifying.

Miss CALLAGHAN. Thank you.

Mr. KENNEDY. The first was \$2,000?

Miss CALLAGHAN. That is right.

Mr. KENNEDY. That was transferred into your account?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. There were two \$1,000 checks, is that right?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. Altogether you received \$5,000?

Miss CALLAGHAN. That is right.

Mr. KENNEDY. The other \$3,000 came on the settlement date?

Miss CALLAGHAN. It came after the settlement, from the title company.

Mr. KENNEDY. From the Mutual Title Co.?

Miss CALLAGHAN. Yes, Mutual Title Co.

Mr. KENNEDY. That was for \$3,000?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. On May 6, 1952, you received \$3,000 from the Mutual Title Co.?

Miss CALLAGHAN. I don't remember the date, but I guess that was about right.

Mr. KENNEDY. Did you deposit those first two checks in the Beitzell bank account?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. Will you ask her to identify these, Mr. Chairman?

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a deposit slip where you presumably deposited the \$2,000 on April 7, 1952, to the credit of J. Garrett Beitzell, special account.

Will you examine this deposit slip, this photostatic copy, and state whether you recognize that as a photostatic copy of the original deposit slip?

(Document handed to witness.)

Miss CALLAGHAN. Yes, I do.

The CHAIRMAN. That may be made exhibit No. 3.

(The document referred to was marked "Exhibit No. 3," for reference and will be found in the appendix on p. 3514.)

Mr. KENNEDY. So you deposited that on April 7, 1952, is that right?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. Will you identify this check?

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a check in the amount of \$1,000, dated April 4, 1952, payable to the order of Beitzell, signed Anthony Valente. Will you please examine this document and state if you recognize it to be a photostatic copy of the check?

(Document handed to witness.)

Miss CALLAGHAN. Yes, I do.

The CHAIRMAN. That may be made exhibit No. 4.

(The document referred to was marked "Exhibit No. 4," for reference and will be found in the appendix on p. 3515.)

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You do not know where Mr. Klenert's check is, do you?

Miss CALLAGHAN. No.

Mr. KENNEDY. You would not know that.

Do you know if that was a union check, or his own personal check?

Miss CALLAGHAN. I think it must have been a personal check. I don't remember.

Mr. KENNEDY. You do not remember.

Miss CALLAGHAN. No.

Mr. KENNEDY. You do identify this check from Anthony Valente and that is a personal check?

Miss CALLAGHAN. That is a personal check.

Mr. KENNEDY. You received the \$3,000 that we mentioned on the closing dates, is that right?

Miss CALLAGHAN. Yes.

Mr. KENNEDY. These, Mr. Chairman, are the deposit tickets and the check for the \$3,000.

The CHAIRMAN. The Chair hands you what appears to be another photostatic copy of a deposit slip in the amount of \$3,050.90, dated May 6, 1952, deposited to the credit of J. Garrett Beitzell. Will you please examine that and see if you identify it?

(Document handed to witness.)

Miss CALLAGHAN. Yes, I do.

The CHAIRMAN. Is there more than one entry on that deposit slip?

Miss CALLAGHAN. Yes.

The CHAIRMAN. How many are there?

Miss CALLAGHAN. There are four.

The CHAIRMAN. Four entries?

Miss CALLAGHAN. Yes.

The CHAIRMAN. And the total amount of the deposit is what?

Miss CALLAGHAN. \$3,050.90.

The CHAIRMAN. Is one of those entries for the amount of \$3,000?

Miss CALLAGHAN. Yes, from the Mutual Title.

The CHAIRMAN. I beg your pardon?

Miss CALLAGHAN. From the Mutual Title Co.

The CHAIRMAN. That may be made exhibit No. 5.

(The document referred to was marked "Exhibit No. 5" for reference and may be found in the appendix on p. 3516.)

The CHAIRMAN. The Chair hands you what purports to be a photostatic copy of a check in the amount of \$3,000, from the Mutual Title Co., dated May 6, 1952, payable to the order of J. Garrett Beitzell. Will you please examine that and state if you recognize that as a photostatic copy of the original check?

(Document handed to witness.)

Miss CALLAGHAN. Yes.

The CHAIRMAN. That will be made exhibit No. 6.

(The document referred to was marked "Exhibit No. 6" for reference and will be found in the appendix on p. 3517.)

The CHAIRMAN. The Chair will ask you if that is the item of deposit, the entry of \$3,000 on the deposit slip which you just identified.

Miss CALLAGHAN. Yes; it is.

The CHAIRMAN. It is the \$3,000 deposit?

Miss CALLAGHAN. Yes.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. I have just a couple of questions in closing. Was the Mutual Title Co. usually the title company that was used by Beitzell?

Miss CALLAGHAN. Well, usually, no, because it was a little inconvenient for us. They were out in Maryland. We used to use the title company closer to us in the District.

Mr. KENNEDY. Do you know why this title company was used in this case?

Miss CALLAGHAN. Well, I don't know. There was no particular reason. Mr. Nolan took care of the case himself. That is the only reason I know of.

(At this point, Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. Thank you very much.

Senator GOLDWATER. Are there any questions?

Senator MUNDT?

Senator MUNDT. No questions.

Senator GOLDWATER. Senator Curtis?

Senator CURTIS. I have no questions.

Senator GOLDWATER. That is all, Miss Callaghan. You may stand aside.

Mr. KENNEDY. Mr. Calabrese.

(Members present at this point: Senators Goldwater, Mundt, and Curtis.)

Senator GOLDWATER. Would you raise your right hand? Do you solemnly swear that the testimony you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CALABRESE. I do.

TESTIMONY OF ALPHONSE F. CALABRESE

Senator GOLDWATER. Would you state your name and your present occupation?

Mr. CALABRESE. My name is Alphonse F. Calabrese. I reside in College Park, Md. I am presently employed as an investigator on this select committee.

Mr. KENNEDY. You have made an investigation of some of the bank accounts of Mr. Klenert and Mr. Valente, have you not?

Mr. CALABRESE. Yes.

Mr. KENNEDY. In connection with the 2 checks that we have been discussing, the 2 checks for \$1,000 apiece, have you made an investigation concerning those 2 checks?

Mr. CALABRESE. Yes.

Mr. KENNEDY. Did Mr. Klenert open a checking account at the City Bank on May 19, 1941?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And he closed it down February 1, 1955?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And Mr. Valente opened a checking account at the same bank on February 3, 1940?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And it was reopened in December 1943, in a joint account with his wife; is that right?

Mr. CALABRESE. Yes. The joint account was opened with his wife on January 8, 1952.

Mr. KENNEDY. It was reopened in December 1943, and then the joint account in January 1952?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Did the union, the United Textile Workers, also have an account there?

Mr. CALABRESE. Yes; they had a checking account amongst other accounts; that is right. The checking account was opened on June 2, 1948. The person who was authorized to sign for the union was the secretary-treasurer, Lloyd Klenert. This account was closed on June 10, 1953.

Mr. KENNEDY. Did you attempt to determine whether the \$1,000 paid out to Beitzell on April 4, 1952, and signed by Anthony Valente—did you determine whether that had been debited to Valente's account?

(At this point, Senator McClellan entered the hearing room.)

Mr. CALABRESE. We ascertained that Valente's account was debited for \$1,000 on April 8, 1952, the day after the \$1,000 check was deposited in the Security Bank by the Beitzell Realtors.

Mr. KENNEDY. Did you request of Mr. Klenert, when you interviewed him, for any of the checks that he had during the period of time? Did you make the request of Mr. Valente?

Mr. CALABRESE. Yes, I did; and he advised that all his checks had been disposed of up to November, or approximately November, of 1955, which he made available.

Mr. KENNEDY. Did you go, then, to his bank account, also, to determine whether \$1,000 had been withdrawn from it, from his bank account?

Mr. CALABRESE. Yes. And during that pertinent period, April 7, 8, and 9, there was no \$1,000 debit on his bank account at the City Bank.

Mr. KENNEDY. Was there a \$1,000 debit on the account of the United Textile Workers?

Mr. CALABRESE. There was a \$1,000 debit on the account of the UTWA, and that also was on April 8, 1952, the same date as of Valente's personal account.

Mr. KENNEDY. We have no documentation, do we, on the question of whether this \$1,000 that came out of the UTWA was the same \$1,000 that was used as a downpayment on this home?

Mr. CALABRESE. We have no documentation, because the City Bank does not microfilm—did not microfilm at that time—the checks.

Mr. KENNEDY. And the records of the union have been destroyed?

Mr. CALABRESE. And the records of the union have been destroyed.

Mr. KENNEDY. That is, for during this period of time?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. But you do not know on the same day that \$1,000 was debited to Anthony Valente's account, that \$1,000 was debited to the UTWA account?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And, during this pertinent period of time, there was no debit of \$1,000 to the other account?

Mr. CALABRESE. That is correct, not during that period of the 7th, 8th, 9th, and 10th.

Mr. KENNEDY. You can determine, can you not, from the deposit slip, that the two \$1,000 checks were from the City Bank?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. They have been placed in the record?

Mr. CALABRESE. They were placed in the record. It indicates that there were two \$1,000 checks drawn on the City Bank.

Mr. KENNEDY. That is all at this time, Mr. Chairman.

The CHAIRMAN. All right. Call the next witness.

(Members present at this point: Senators McClellan, Goldwater, Mundt, and Curtis.)

Mr. KENNEDY. Mr. Martin J. Quigley.

The CHAIRMAN. Mr. Quigley, will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. QUIGLEY. I do.

TESTIMONY OF MARTIN J. QUIGLEY

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. QUIGLEY. Martin J. Quigley, 10421 River Road, Potomac, Md. I am president of the Mutual Title Co.

The CHAIRMAN. How long have you been president of that company, Mr. Quigley?

Mr. QUIGLEY. Since its formation in 1949.

The CHAIRMAN. You are familiar with the rules of the committee. Do you waive counsel?

Mr. QUIGLEY. I do.

The CHAIRMAN. Thank you very much.

All right, Mr. Kennedy, proceed.

Mr. KENNEDY. You are also an attorney, are you, Mr. Quigley?

Mr. QUIGLEY. Yes, sir.

Mr. KENNEDY. And you are a member of the bar of the District of Columbia?

Mr. QUIGLEY. Yes, sir.

Mr. KENNEDY. Could you tell the committee what the Mutual Title Co.'s duties or responsibilities are?

Mr. QUIGLEY. We are engaged in the examination and settling of real estate transactions, principally in Maryland.

Mr. KENNEDY. Primarily in Maryland?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. Are you involved in the sale of real estate?

Mr. QUIGLEY. No.

Mr. KENNEDY. What is the difference in settlements?

Mr. QUIGLEY. We handle the closing. We examine the title, handle the closing, and see to the transfer of the property and the disbursement of the funds to the seller.

Mr. KENNEDY. Were you involved in the closing of a real-estate deal involving certain homes for Mr. Valente and Mr. Klenert?

Mr. QUIGLEY. In the closing, yes. Not the sale.

Mr. KENNEDY. In the closing?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. When did you first meet Mr. Klenert and Mr. Valente?

Mr. QUIGLEY. The early part of May 1952.

Mr. KENNEDY. The early part of what?

Mr. QUIGLEY. Of May.

Mr. KENNEDY. Of 1952?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. How did you happen to meet them?

Mr. QUIGLEY. They came in to settle for the purchase of these houses.

Mr. KENNEDY. Who was handling it from your office?

Mr. QUIGLEY. I handled it personally.

Mr. KENNEDY. Did they make a payment to you at that time?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. How much money did they give you?

Mr. QUIGLEY. They originally put up \$95,000.

Mr. KENNEDY. They put up \$95,000?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. For the purchase of these two homes?

Mr. QUIGLEY. For the purchase of real estate. It was not designated at the time what it was for, whether it was to be for the houses or for a building for a headquarters for the union.

Mr. KENNEDY. If they came in with \$95,000, they designated how the \$95,000 was to be spent, did they not?

Mr. QUIGLEY. Ninety-five was deposited 2 or 3 days before the closing. The closing was on, if I recall, May 5 or 6.

Mr. KENNEDY. And they brought in \$95,000 earlier?

Mr. QUIGLEY. Two or three days prior.

Mr. KENNEDY. What was the \$95,000 for?

Mr. QUIGLEY. It was to be held by me in escrow until they decided what property would be closed with that money.

Mr. KENNEDY. Were there any documents or any contract that you made with them?

Mr. QUIGLEY. No, that was just a verbal arrangement. They would come in in 2 or 3 days to close on the purchase of the houses.

Mr. KENNEDY. On the purchase of the houses?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. So it was understood at that time when they brought the \$95,000 in, that it was to be for the purchase of the houses?

Mr. QUIGLEY. No, it was not.

Mr. KENNEDY. What was understood?

Mr. QUIGLEY. It was being left in escrow with me, with my company, for the purchase of real estate and at the time it was deposited, that real estate was not designated.

Mr. KENNEDY. Do you mean these two union officials brought in a check for \$95,000, just gave it to you, and there was no discussion as to how the money was going to be used or what property they had in mind?

Mr. QUIGLEY. Not until 2 or 3 days later, as I recall.

Mr. KENNEDY. Then did they tell you the property they had in mind was the two homes for themselves?

Mr. QUIGLEY. They told me to settle the two homes and to use whatever was necessary out of the \$95,000 to accomplish that.

The CHAIRMAN. As I understand you, Mr. Quigley, when they first made the deposit with you in escrow, the \$95,000, they did not advise you at that time the specific property it was to be applied to?

Mr. QUIGLEY. No, I understood that they were in the market for these two houses and also for a piece of property as a headquarters for the union.

The CHAIRMAN. At that time, you understood they were in the market for the two houses and also another piece of property that might be used for union purposes?

Mr. QUIGLEY. Yes.

The CHAIRMAN. And when they first placed the \$95,000 with you, they had not determined, that is, at least they gave you no instructions, as to which one it would be applied to, but some 2 or 3 days later they did instruct you to apply such part of it as necessary to acquire these two homes?

Mr. QUIGLEY. That is correct.

The CHAIRMAN. All right.

Senator Mundt?

Senator MUNDT. Mr. Quigley, did they come into your office unannounced or did somebody bring them in?

Mr. QUIGLEY. They were brought in by Mr. M. Parker Nolan, a real estate salesman for the Beitzell Co.

Senator MUNDT. Undoubtedly a man who had done business with you before, I presume?

Mr. QUIGLEY. Yes, a friend of mine and he referred whatever title business he could to me.

Senator MUNDT. Did he give you any idea as to what property he was trying to sell them?

Mr. QUIGLEY. Well, the titles had been run on the two houses. They were ready for settlement. They were ready to be closed. We had completed our title examination on those.

Senator MUNDT. On the two houses?

Mr. QUIGLEY. Yes, sir.

Senator MUNDT. So you did know at that time that the two houses were involved?

Mr. QUIGLEY. Yes, sir.

Senator MUNDT. But you did not know whether or not additional parcels of property might also be involved?

Mr. QUIGLEY. No, I did not.

Senator MUNDT. Was the \$95,000 brought in in the form of folding money or a personal check or a union check?

Mr. QUIGLEY. It was a union check.

Senator MUNDT. It was a union check?

Mr. QUIGLEY. Yes, sir.

Senator MUNDT. Thank you.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. You say that there were title papers in your office for these two houses?

Mr. QUIGLEY. Yes, sir.

Senator CURTIS. You made at least some preliminary examination?

Mr. QUIGLEY. We made a full examination. We were ready for settlement about May 1.

Senator CURTIS. Did you have any title papers or any contract papers or any papers relating to a property that was under consideration for purchase for a union headquarters?

Mr. QUIGLEY. No, sir.

Senator CURTIS. The only place that the idea of buying a union headquarters was brought in was when these men mentioned it?

Mr. QUIGLEY. That is correct. I had nothing in writing at the time.

Senator CURTIS. And at the time they gave you a check that was from the union, they told you that they might be settling on a union headquarters?

Mr. QUIGLEY. Yes, sir; that was mentioned.

Senator CURTIS. Did they ever buy a union headquarters?

Mr. QUIGLEY. As far as I know, they did not.

Senator CURTIS. Not through your agency?

Mr. QUIGLEY. No.

Senator CURTIS. Or, rather, not through your title company?

Mr. QUIGLEY. No.

The CHAIRMAN. All right, Mr. Counsel.

Mr. KENNEDY. Mr. Chairman, we have that document. Can we have it identified?

The CHAIRMAN. I have here what purports to be a deposit slip in the amount of \$120,606.51, dated May 2, 1952, deposited to the credit of the Mutual Title Co., trustee account.

I ask you to examine this photostatic copy and see if you recognize it and identify it as such.

(A document was handed to the witness.)

Mr. QUIGLEY. Yes, that is a copy of our deposit slip for that day.

The CHAIRMAN. That shows a total, as the Chair stated, of some \$120,000. What is the largest item of deposit?

Mr. QUIGLEY. \$95,000.

The CHAIRMAN. What is the source of the deposit?

Mr. QUIGLEY. A check from the United Textile Workers of America.

The CHAIRMAN. A check from the United Textile Workers of America?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. Who delivered that check to you?

Mr. QUIGLEY. I can't say. That is 5 years ago and I cannot make a definite statement. I would presume it was these gentlemen. That is all I can say.

The CHAIRMAN. You do not know who actually, personally delivered it to you?

Mr. QUIGLEY. No, sir.

The CHAIRMAN. But that check came from that source and it was on that account?

Mr. QUIGLEY. That is correct. That is on the deposit slip.

The CHAIRMAN. That is the \$95,000 that you have been referring to as having been deposited with you in escrow for the purpose of closing purchases of certain real estate, the tracts that had been mentioned up to that time?

Mr. QUIGLEY. Yes.

The CHAIRMAN. Thank you very much.

That may be made exhibit No. 7.

(The document referred to was marked "Exhibit No. 7" for reference and will be found in the appendix on pp. 3518-3519.)

Mr. QUIGLEY. If I might, this deposit slip is dated May 2. The settlement was made on the 6th on the sale of the houses.

The CHAIRMAN. Some 3 days later.

Mr. QUIGLEY. Yes, sir.

Senator MUNDT. Mr. Quigley, as part of your functions in the Mutual Title Co. in closing up real estate transactions, would you be aware of the purchase price paid for properties closed in your office?

Mr. QUIGLEY. Yes, sir.

Senator MUNDT. What was the purchase price of the two houses involved?

Mr. QUIGLEY. The purchase price was \$95,000 for the two houses, as disclosed by the contract.

Senator MUNDT. So that when they gave you a check for \$95,000 there was no money left with which to buy any additional property beyond the two houses?

Mr. QUIGLEY. The ninety-five was not used to settle on the houses. That much was not required. Only about \$57,000. There were two deeds of trust on there which made up the difference.

Senator MUNDT. But the purchase price of the houses was \$95,000. The size of the check was \$95,000.

Mr. QUIGLEY. That is correct.

Senator MUNDT. I understand they did not pay it all in cash, but part of the \$95,000 might have been returned because they took out a mortgage of some kind.

Mr. QUIGLEY. They assumed two construction loan mortgages that were on the property, totaling—

Senator MUNDT. This is something which, in my mind, is more than coincidental. That is the size of the check and the price of the houses were both \$95,000.

Mr. QUIGLEY. But they only needed \$57,000 to close the houses. They did not need \$95,000.

(At this point, Senator Kennedy entered the hearing room.)

Mr. KENNEDY. You knew, did you not, that the \$95,000 that was given to you in the form of the check was for the purchase of these two houses?

Mr. QUIGLEY. No, I can't say that I knew it was for the purchase of the houses. Part of it was; \$57,000 of it was.

Mr. KENNEDY. That was later. But when the \$95,000 was given to you originally, you knew, did you not, that that \$95,000 was for the purchase of these two houses?

Mr. QUIGLEY. No. I knew that the purchase price of the houses was \$95,000, but I did not know what the terms were until we closed the case, I think on a Monday. I think this deposit was made on a Friday.

Mr. KENNEDY. I am not asking you about the terms. You knew that the \$95,000 was for the purchase of these two houses; did you not?

Mr. QUIGLEY. Part of it.

Mr. KENNEDY. You knew part of it was?

Mr. QUIGLEY. On Monday, I knew that \$95,000 was not required.

Mr. KENNEDY. When you got this check on May 1, what did you know? Did you not know on May 1 that this \$95,000 was for the purchase of these two houses?

Mr. QUIGLEY. Part of it was to be used for the purchase of the houses, yes.

Mr. KENNEDY. Why do you say part?

Mr. QUIGLEY. Because we did not spend the \$95,000.

Mr. KENNEDY. I understand you did not ultimately.

Mr. QUIGLEY. Only \$57,000.

Mr. KENNEDY. I understand that. But at that time, you understood that the \$95,000 check was to pay for these two houses, did you not?

Mr. QUIGLEY. Whatever part of the check was required to close it, yes.

Mr. KENNEDY. And it might be all of the check?

Mr. QUIGLEY. It could have been all, if they had not assumed the trust, yes. It would have been.

Mr. KENNEDY. I just want to draw your attention to the second page. You deposited that check for \$95,000. Do you have a number there?

Mr. QUIGLEY. Yes. That is the case number.

Mr. KENNEDY. What is that the case number for?

Mr. QUIGLEY. That is our Mutual Title Co. case number.

Mr. KENNEDY. A case number for the purchase of two houses, is that correct?

Mr. QUIGLEY. That is correct.

Mr. KENNEDY. So for that \$95,000 you have a case number there that refers to two houses that were then being negotiated to be purchased by Valente and Klenert?

Mr. QUIGLEY. That is correct.

Mr. KENNEDY. Would you have him identify these documents, Mr. Chairman.

The CHAIRMAN. The Chair hands you a three-page photostatic copy of a document on the stationery of the Mutual Title Co., dated May 5, 1952. It starts off "Albert J. Altimont and Alfred A. Altimont in the matter of sale of lot 1, plot A, square 18, Rock Creek Hills."

I wish you would examine this document and see if you identify it as a photostatic copy of the original and then state exactly what the document is.

(A document was handed to the witness.)

Mr. QUIGLEY. This statement is the seller's statement in my handwriting of the settlement of the sale by Altimont to Klenert and Valente.

The CHAIRMAN. The seller's statement, did you say?

Mr. QUIGLEY. Yes, sir. The owner's or seller's. The Altimont Co. was the seller.

The CHAIRMAN. What is the difference? I am not sure I understand. What is the difference between a seller's statement and a buyer's statement?

Mr. QUIGLEY. Well, one of them gets money back and the other puts it up.

The CHAIRMAN. I know that is true with the money, but I thought one statement would reflect the whole transaction. I do not know.

Mr. QUIGLEY. No. We make the statements separately, only using the items that in this case, Altimont was interested in. They are not interested in the title expense and State stamps and things like that.

The CHAIRMAN. In other words, in the closing, there are separate expenses for the purchaser and for the seller?

Mr. QUIGLEY. That is correct. And we just separate the statements for that reason.

The CHAIRMAN. I see. That may be made exhibit No. 8, for reference.

(The document referred to was marked "Exhibit No. 8" for reference and will be found in the appendix on p. 3520.)

Mr. KENNEDY. The other two pages give the breakdown as to the homes, is that right, the buyer's statements?

Mr. QUIGLEY. That is right. They are separate buyer's statements.

Mr. KENNEDY. What was the price again as indicated on your seller's statement?

Mr. QUIGLEY. \$95,000, and the two purchasers' statements total \$95,000.

The CHAIRMAN. Let the Chair get it straight here for the record. The top photostatic copy is the seller's statement?

Mr. QUIGLEY. Altimont, the seller's, statement, yes, sir.

The CHAIRMAN. And the other two pages are what?

Mr. QUIGLEY. The next one is a statement of Lloyd Klenert, showing a purchase of \$52,500. The next one is a purchaser's statement for Mr. Valente, and that price is \$42,500.

The CHAIRMAN. Then, the top document, the first page you testified to, will be made exhibit No. 8. The second one that you testified to will be made exhibit No. 9; and the third one will be made exhibit No. 10. I want to get them straight for the record.

(The documents referred to were marked "Exhibits Nos. 9 and 10" for reference and will be found in the appendix on pp. 3521-3522.)

Mr. KENNEDY. The case number of them is 2223, is that correct?

Mr. QUIGLEY. That is correct.

Mr. KENNEDY. Was the original intention, at least for a period of 1 day, to use the whole \$95,000 for the purchase of these 2 homes?

Mr. QUIGLEY. No. I am not going to admit that they told me to use the \$95,000 for the purchase of the homes because they didn't and it was not settled on that basis.

Mr. KENNEDY. I am not asking you whether it was settled on that basis. I am asking you whether there wasn't an intention.

Mr. QUIGLEY. I do not know.

Mr. KENNEDY. You do not know? Why was the \$95,000 deposit, the check that you received, why was it stipulated that it was in reference to 2223, and that is your file number, which concerns the sale of these two houses?

Mr. QUIGLEY. The property that they were considering, or told me they were considering, to buy for headquarters, we did not have any specific property in mind. We had no way of indexing it, excepting under their name.

Mr. KENNEDY. Let me ask you this: Is that the usual procedure for a person who intends to buy property, to put a deposit down on property he does not know anything about, and which the seller knows nothing about?

Mr. QUIGLEY. Maybe he did know something about it. I don't know.

Mr. KENNEDY. He did not discuss it with you, did he?

Mr. QUIGLEY. No. He just put it up as an escrow to buy a piece of property.

Mr. KENNEDY. Which was never identified?

Mr. QUIGLEY. Not at that time; no. And it never has been identified, as a matter of fact.

Mr. KENNEDY. Is that the usual procedure, to put up money on property that is not identified, to either the purchaser or the seller?

Mr. QUIGLEY. It is not usual, and it is not unusual. We act as escrow agents.

Mr. KENNEDY. I can understand you acting as escrow agents, but I cannot understand you acting as escrow agents on property that you cannot identify.

Mr. QUIGLEY. The time had not come to identify it. We were holding the money until we could identify it.

Mr. KENNEDY. What would be the purpose of putting up money on property that nobody knew what it was?

Mr. QUIGLEY. They would have to answer that. I do not know. They put it up.

Mr. KENNEDY. Have you ever had that happen to you before?

Mr. QUIGLEY. Not exactly that way; no.

The CHAIRMAN. The Chair hands you what purports to be photostatic copies of the stubs of checks covering nine different checks. I think, as I understand it, only 5 of the 9 are relevant to this inquiry. I will ask you to examine these photostatic copies and see if you identify them as copies of your original check stubs.

(Documents were handed to the witness.)

Mr. QUIGLEY. It looks like these checks were drawn and then voided. Why, I don't know.

The CHAIRMAN. Do you know whose handwriting they are in?

Mr. QUIGLEY. Yes. They are in my bookkeeper's handwriting.

The CHAIRMAN. You recognize the handwriting?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. Do you recognize those as photostatic copies of your check stubs?

Mr. QUIGLEY. Yes.

The CHAIRMAN. You do so recognize them.

Mr. QUIGLEY. Yes.

The CHAIRMAN. Then will you, for us, Mr. Quigley, identify from the three sheets that you have before you, which contain the stubs of nine checks; am I correct?

Mr. QUIGLEY. That is correct; yes, sir.

The CHAIRMAN. Some of them may not relate to this transaction that is involved, so will you identify by number as appears on the stub, those that are related to this transaction?

Mr. QUIGLEY. Those with the X mark do not belong to the transaction.

These that are X'd out do not belong in this transaction. They are in another case.

The CHAIRMAN. Will you identify by number those that are not marked out, according to your check stub number?

Mr. QUIGLEY. Check No. 6057 was drawn to the Equitable Life Assurance Co. and then voided.

The CHAIRMAN. If you will identify all of them relating to this, then we can refer to them by number.

You say that was voided. Now to the next one that relates to the transaction.

Mr. QUIGLEY. That is check 6058.

The CHAIRMAN. Six what?

Mr. QUIGLEY. 6058.

The CHAIRMAN. 6058, and the next number?

Mr. QUIGLEY. 6059, 6060.

The CHAIRMAN. 6060.

Mr. QUIGLEY. 6061.

The CHAIRMAN. And 6061. Those 5 stubs are from 6057, beginning with 6057, and including 6061, are stubs of checks issued, whether they are voided or not, relating to the transaction we have been discussing?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. Those may be made exhibit No. 11 for reference.

(The documents referred to were marked "Exhibit No. 11" for reference and will be found in the appendix on pp. 3523-3524.)

The CHAIRMAN. Mr. Kennedy, do you want to ask a question?

Was it 6057 that was marked "void"?

Mr. QUIGLEY. Yes, sir.

Mr. KENNEDY. Just so we got the record straight, there was \$57,000 worth of equity in this transaction; is that right?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. And there was \$38,000 in mortgages?

Mr. QUIGLEY. Right.

Mr. KENNEDY. And the mortgages were with the Equitable Life Assurance Co?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. So on the question of whether it was the intention at the beginning, originally, and you knew of this intention, to use the whole \$95,000, there would be the \$57,000 plus the payments to the Equitable Life Assurance Co.

Do you have any check stubs there showing that it was the intention to pay the moneys to the Equitable Life Assurance Co.?

Mr. QUIGLEY. This would look like it was the intention, except the check to J. Garrett Beitzell is drawn for an amount entirely different from the amount that was paid to them.

Mr. KENNEDY. How much was that check for?

Mr. QUIGLEY. \$2,085.66. They got \$3,000.

Mr. KENNEDY. What about the other, Equitable Life Assurance?

Mr. QUIGLEY. 6057 is for \$20,164.36.

Mr. KENNEDY. Isn't that the worth of the mortgage for that piece of property?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. So that figure is correct is it not?

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. QUIGLEY. I must presume it is correct; yes.

Mr. KENNEDY. Do you have any others?

Mr. QUIGLEY. The next one, 6058, is drawn to the Equitable Life Assurance Co. for \$18,658.53.

Mr. KENNEDY. That is the \$38,000; is it not?

Mr. QUIGLEY. Yes; those 2 would total roughly \$38,000.

Mr. KENNEDY. And together with the \$57,000 that was going to be paid, makes the \$95,000; is that right?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. So it was the intention, and you knew of the intention, to use the whole \$95,000 to purchase these 2 pieces of property for Mr. Klenert and Mr. Valente; is that correct?

Mr. QUIGLEY. I am not going to admit I knew it because I don't know. I am looking back 5 years.

Mr. KENNEDY. You have made out checks to indicate that.

Mr. QUIGLEY. I made out one to Beitzell for \$2,085 and then paid him \$3,000. I can't explain that, either.

Mr. KENNEDY. At least you have made out checks to cover the whole \$95,000; is that correct?

Mr. QUIGLEY. Yes, but it was not closed on that basis.

Mr. KENNEDY. I understand it was not closed. All I am getting at now is that it was the intention to use the whole \$95,000 for that purpose; is that correct?

Mr. QUIGLEY. Whether it was the intention or not, I don't know. It was not used for that purpose. I can tell it was not used. I don't know what the intention was.

Mr. KENNEDY. \$95,000 first came in, in the check, with its case number in your file, this very case, on purchasing the 2 pieces of property, and then you have these check stubs which add up to \$95,000.

Do you deny that it was the intention, and that you knew of it, to use this whole \$95,000 for the purchase of these 2 pieces of property?

Mr. QUIGLEY. These gentlemen will have to tell you about the intention. I don't know what their intention was.

Mr. KENNEDY. I am asking about you, about what you knew.

Mr. QUIGLEY. I can only show what these checks show, and the ones that were voided. I do not know what their intention was.

The CHAIRMAN. You mean you do not now remember at that time why you happened to make out checks to cover the entire amount?

Mr. QUIGLEY. No, sir. That is 5 years ago.

The CHAIRMAN. I say you now say you do not know why you did it?

Mr. QUIGLEY. No, I do not. I drew the checks apparently for the full \$95,000, yes.

The CHAIRMAN. And for some reason, but you do not now know the reason why, the full amount was not used?

Mr. QUIGLEY. And they were canceled and not used, yes.

The CHAIRMAN. You do not know why they were canceled?

Mr. QUIGLEY. No, I do not.

The CHAIRMAN. Of course, if you were going to assume mortgages already on the property, assume the payment of them, it wouldn't take the \$95,000, all of it.

Mr. QUIGLEY. That is right.

The CHAIRMAN. So what you finally did afterward was apparently you thought you had to pay out the full \$95,000, you wrote checks accordingly, and you found that you didn't have to, and, for some reason then only wrote checks out for the difference between the mortgage amount assumed and the total purchase price.

Mr. QUIGLEY. That is correct.

The CHAIRMAN. But you are unable to recall now why you happened to make out checks to cover the full amount?

Mr. QUIGLEY. I can only assume it was on instructions from the purchasers.

As I remember, the contract gave them an option to either assume or pay all cash, and they elected, evidently elected, to assume, and instructed me, and I abided by their instructions.

(At this point, Senator Kennedy withdrew from the hearing room.)

Mr. KENNEDY. Did you call or telephone the Equitable Life Assurance Co.? Did you call the Equitable Life Assurance Co. to find out how much it would cost to pay off these mortgages?

Mr. QUIGLEY. Evidently. If that figure would have paid them off, I must have called them.

Mr. KENNEDY. You must have telephoned them?

Mr. QUIGLEY. Yes. So instead of paying them, I just sent them two overdue monthly payments that are shown on the Altimont statement.

Mr. KENNEDY. Ultimately, you say that the whole \$95,000 was not used, union funds were not used, for the purchase of these two homes for Mr. Klenert and Valente.

Was any union money used for the purchase of the homes of Mr. Klenert and Mr. Valente?

Mr. QUIGLEY. Yes. \$57,000.

Mr. KENNEDY. That was for the equity, to purchase the equity, in these two properties, and they assumed the mortgages, is that right?

Mr. QUIGLEY. That is correct.

Mr. KENNEDY. What date was that?

Mr. QUIGLEY. On or about May 6, 1952.

The CHAIRMAN. Let us get one other thing straight. We are talking about \$57,000 being used for the purchase of two houses. Let us identify each house and state how much of the \$57,000 went to the purchase price of that house.

What are the two men's names?

Mr. KENNEDY. Valente and Klenert.

The CHAIRMAN. How much of the \$57,000 was used to pay on his house?

Mr. QUIGLEY. The amount shown on his statement there.

The CHAIRMAN. I don't recall the amount.

Mr. QUIGLEY. It shows a balance due to settle of \$32,000 or something on one—

The CHAIRMAN. Let us get it exact for the record.

According to your statement here, which has been made exhibit No. 9, \$32,095.92 was the amount out of the \$57,000 that went to pay for the Klenert house.

Would you say that is correct?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. We will take the next one, which would be the Valente contract. It shows \$24,013.76 out of the \$57,000 was paid for that house. Is that correct?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. So those two figures total the \$57,000?

Mr. QUIGLEY. No, I think the figure of \$57,000 was just an arbitrary figure to give me enough to close. I think they got some small refund.

The CHAIRMAN. Let's see what those two total. I am advised they total \$56,462.48, and that the amounts stated here are the amounts that went to each house.

Mr. QUIGLEY. Yes.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. So \$57,000 of the union money, then, was used to purchase these two homes for Klenert and Valente; is that right?

Mr. QUIGLEY. Yes, temporarily.

Mr. KENNEDY. Mr. Quigley, did this use of union money to purchase personal homes raise any question in your mind?

Mr. QUIGLEY. None whatever.

Mr. KENNEDY. You thought that was perfectly proper?

Mr. QUIGLEY. As far as I was concerned; yes.

Mr. KENNEDY. Particularly if your testimony is correct earlier that you thought this money was a downpayment, this \$95,000 was a downpayment, money to be held in escrow for the purchase of property for a union building, and then to go around 4 or 5 days later and use the money, or \$57,000 of it, toward the purchase of personal homes for 2 union officials?

You didn't see anything wrong?

Mr. QUIGLEY. It is not our duty to see where the money comes from. That is not our job.

Mr. KENNEDY. And this didn't raise any question in your mind?

Mr. QUIGLEY. None whatever; no. It wasn't any of my business.

Mr. KENNEDY. When somebody comes in with corporate funds or union funds and uses those funds for a personal purchase, that doesn't raise any question in your mind?

Mr. QUIGLEY. None whatever; no.

Mr. KENNEDY. You think you can go ahead and use them?

Mr. QUIGLEY. We do; yes.

Mr. KENNEDY. You don't think it should raise any question in your mind?

Mr. QUIGLEY. No. We are not an authority, not a union or anything like that. I am running a title company. If somebody brings in a check from a union or if they bring in a trustee check, we will accept it. It is not our business to question those funds.

Mr. KENNEDY. Mr. Quigley, you said originally that you thought \$95,000 was to be held in escrow for the purchase of a union headquarters.

Mr. QUIGLEY. That is right.

Mr. KENNEDY. And 5 days later they turn around and buy themselves personal homes.

Didn't that raise any question?

Mr. QUIGLEY. None whatever; no. They could have withdrawn the \$95,000. They could have withdrawn the purchase of the houses. We have no control over that.

Mr. KENNEDY. And they didn't tell you that they wanted to keep this secret, and that you should help them and assist them in keeping the secret; is that right?

Mr. QUIGLEY. Positively not.

Mr. KENNEDY. Did you receive a letter from them on May 14, from Mr. Klenert on May 14, 1952?

The CHAIRMAN. I hand you what purports to be a photostatic copy of a letter dated May 14, 1952, addressed to Mr. Martin Quigley, Mutual Title Co., and signed by Lloyd Klenert, International secretary-treasurer.

This is on the United Textile Workers of America stationery. I ask you to examine it and see if you identify that as a photostatic copy of the original letter that you received.

(The document was handed to the witness.)

Mr. QUIGLEY. Yes, sir; I received that letter.

The CHAIRMAN. Since you have identified that, that may be made exhibit No. 12.

Mr. KENNEDY. Mr. Chairman, may I read this into the record?

The CHAIRMAN. It may be read into the record.

(The document referred to was marked "Exhibit No. 12" and follows below:)

Mr. KENNEDY (Reading). United Textile Workers of America, May 14, 1952, addressed to Martin Quigley, Mutual Title Co., 1917 15th Street NW., Washington, D. C.

DEAR MR. QUIGLEY:

I am enclosing herewith cashier's checks for the amount of \$57,000, \$30,000 drawn upon the City Bank and \$27,000 drawn upon the Liberty Mutual Bank, which is a deposit on certain property for the United Textile Workers of America, to be identified as parcel No. 2.

You have already in your possession a deposit of \$95,000 which you are holding as a deposit for another property for the United Textile Workers of America which is identified as parcel No. 1.

I am hereby requesting, because of certain organizational problems that we now have, that the first deposit of \$95,000 be returned, and that the second deposit of \$57,000 be held by you until such time as we close a definite deal for the building for the United Textile Workers of America.

Thanking you, I am,

Very truly yours,

LLOYD KLENERT.

International Secretary-Treasurer.

Do you have any comment on that letter?

Mr. QUIGLEY. No. I received that letter.

Mr. KENNEDY. Is this true, "You have already in your possession a deposit of \$95,000"? Did you have in your possession then a deposit of \$95,000?

Mr. QUIGLEY. I had had it, but I evidently didn't have it on the date of that letter.

Mr. KENNEDY. You know you didn't have it that day?

Mr. QUIGLEY. No.

Mr. KENNEDY (reads):

You have already in your possession a deposit of \$95,000 which you are holding as a deposit for another property for the United Textile Workers of America which is identified as parcel No. 1.

What did that sentence mean?

Mr. QUIGLEY. Well, evidently the houses are parcel No. 2, and that was to replace the \$57,000 that had been used to settle on the houses. That would be my construction of it.

Mr. KENNEDY. What is parcel No. ?

Mr. QUIGLEY. I presume that is the building they intended to buy for the headquarters.

Mr. KENNEDY. Where was that building?

Mr. QUIGLEY. I don't know as they ever located a building.

Mr. KENNEDY. Then didn't this raise some suspicion in your mind, when you had already used \$57,000 of union funds to purchase these two personal homes, and this letter, on its surface is false?

Mr. QUIGLEY. It is not my job to be the judge in these cases.

The CHAIRMAN. Mr. Quigley, the only thing about this is he is stating here in a letter to you, and I assume a copy of it was kept in the union files, that you still had on hand—that is the import of it, that you had on hand—\$95,000 of union money on May 15.

Mr. QUIGLEY. I think that that \$57,000 replaced the \$57,000 that was put into the houses.

The CHAIRMAN. He says, "you already have."

Mr. QUIGLEY. Well, I had had.

The CHAIRMAN. You had had, but you didn't have at that time?

Mr. QUIGLEY. No. I was \$57,000 short.

The CHAIRMAN. So the letter, in saying that you then had, or that is the import of it, that you then had or still had \$95,000, was in error?

Mr. QUIGLEY. Well, it would have to be, because I didn't have it. That replaced it.

The CHAIRMAN. Apparently it would have to be, unless there was something else deposited in between.

Mr. QUIGLEY. I must assume that that \$57,000 replaced the original \$57,000 that was used.

The CHAIRMAN. Then you didn't have \$95,000 until you got this letter with the check in it?

Mr. QUIGLEY. Correct.

The CHAIRMAN. That brought it back to \$95,000?

Mr. QUIGLEY. That is right.

The CHAIRMAN. So the implication or the fact stated in the letter that you already had it was not a correct statement?

Mr. QUIGLEY. I returned \$95,000 to them.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Were those checks that were transmitted with that letter that you just read into the record union checks?

Mr. KENNEDY. We will get into that immediately, but the answer to the question is "Yes."

Senator, those checks were not union checks, but the money used to purchase those checks—they were cashiers checks and bank drafts—the money used to purchase those checks was union money.

Senator MUNDT. Mr. Quigley, I am a little bit confused on what the counsel read in that letter, where he said, if I remember it correctly, and I will let him correct me if I am wrong—well, here is the letter.

You have already in your possession a deposit of \$95,000.

You have testified to the fact that that was an erroneous statement, because while you had had the money previously you did not have it at this time.

I am curious about the rest of it.

You have already in your possession a deposit of \$95,000 which you are holding, which was the second falsehood, because you were not holding it and you did not have it; is that correct?

Mr. QUIGLEY. That is correct.

Senator MUNDT. This is where I get confused:

As a deposit for another property for the United Textile Workers of America—follow this now—

which is identified as parcel No. 1.

If you were holding \$95,000, that is a big chunk of alfalfa hay, and you were holding it in connection with the parcel of property identified as parcel No. 1. Certainly you must have known what parcel No. 1 was or this is the third falsehood of the letter. Which is it?

Mr. QUIGLEY. That identification of them by parcels was a designation given to them by them, not me. I presume from that letter that parcel No. 2 was the houses. I do not know what parcel 1 was.

Senator MUNDT. You recognize the parcel No. 2 as the houses, but when they say parcel No. 1, you say "I never heard of parcel No. 1."

Mr. QUIGLEY. They never told me what parcel No. 1 was.

Senator MUNDT. It seems to me a member of this committee must draw the conclusion that this letter written about parcel No. 1 was written not for your eyes but for the eyes of the trustees and the auditors of the United Textile Workers of America, that they were talking about a phantom, they were talking about a myth. If you were called in by the trustees or by George Meany, whose organization had investigated these operations, who said "Mr. Quigley, what about this Parcel No. 1?" You would have to tell them, I guess, as you told us, that you never heard of it, is that right?

Mr. QUIGLEY. I don't know what parcel No. 1 was. It was never identified to me.

Senator MUNDT. So in one short sentence, they missed the truth about three different times.

Mr. KENNEDY. Did you write him back and return that money, the \$95,000?

Mr. QUIGLEY. Yes, I am sure I did.

The CHAIRMAN. Before we move on, this transaction where they wrote you that letter, as I started to say a moment ago the copy of that letter in the files of the union would indicate that you had more money belonging to the union in your possession than you had, would it not?

Mr. QUIGLEY. Their letter to me would indicate it, yes.

The CHAIRMAN. That is what I mean.

I am wondering if, on receipt of the letter, you wrote them denying that or calling their attention to the inaccuracy of that statement?

Mr. QUIGLEY. No. I just took the \$57,000 and returned \$95,000 to them. I think the record will show a letter of transmittal by me.

The CHAIRMAN. On May 15, this same date, apparently, I have here what purports to be a photostatic copy of a letter addressed to Mr. Lloyd Klenert, secretary-treasurer, United Textile Workers of America, Washington, D. C., showing a line, to be signed by the president of the Mutual Title Co. This copy does not bear any signa-

ture, but I ask you to examine it and state if that is a photostatic copy of the carbon copy of your letter back to them on the same date.

(Document handed to witness.)

The CHAIRMAN. The date of that is May 15.

Mr. QUIGLEY. Yes, that is a copy of a letter.

The CHAIRMAN. That may be made exhibit 13.

Mr. QUIGLEY. That is a carbon copy.

(The document referred to was marked "Exhibit 13," for reference and will be found in the printed record.)

The CHAIRMAN. You did on that date return to them a check in the amount of \$95,000, did you?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. I hand you what purports to be a photostatic copy of that check and ask if you identify it, please.

(Document handed to witness.)

Mr. QUIGLEY. Yes, that is our check.

The CHAIRMAN. That is the check where you returned the \$95,000 the same day, I assume, that you received the letter you have been testifying about?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. That photostatic copy of the check may be made exhibit No. 14.

(The document referred to was marked "Exhibit No. 14," and will be found in the appendix on p. 3525.)

The CHAIRMAN. Counsel may read the letter.

Mr. KENNEDY. It is dated May 15, 1952, the Mutual Title Co., Maryland title examination, to Mr. Lloyd Klenert, secretary-treasurer, United Textile Workers of America, 818 13th Street Northwest.

DEAR MR. KLENERT: Receipt is acknowledged of your letter of the 14th, wherein you enclose \$57,000 in cashiers checks, \$30,000 drawn on the City Bank and \$27,000 drawn on the Liberty National Bank, which, as you say, represents a deposit on certain property for the United Textile Workers of America, identified as parcel No. 2, and which sum we are to hold until such time as a definite deal is closed for the purchase of a building for your organization. As per your request, we are enclosing herewith our check for \$95,000 which was held by us as a deposit for certain property identified as parcel No. 1, and which transaction did not materialize.

Mr. QUIGLEY. That, I do not believe, states the true facts. The \$57,000 was put up to make up the money that was put into the houses, regardless of what this letter says.

Mr. KENNEDY. You wrote a false letter, did you not?

Mr. QUIGLEY. Let me see it again.

(Document handed to witness.)

The CHAIRMAN. Before you look at it, had you had any conversations with them about this matter as to the fact that they were going to send you this \$57,000, and then you were to promptly return the \$95,000 in that fashion?

Mr. QUIGLEY. I don't recall whether they walked in with the 57 or gave them the 95. I don't know.

The CHAIRMAN. I cannot understand the necessity or reason for bringing into you \$57,000 more and having you immediately return the \$57,000 plus the balance that you had on the other account. Why would he ever give you the \$57,000?

Mr. QUIGLEY. So he could get 95 back.

The CHAIRMAN. Sir?

Mr. QUIGLEY. So he could get 95 back.

The CHAIRMAN. It seems pretty obvious, but why was it necessary to get 95 back in that fashion?

Mr. QUIGLEY. Because that is what they had put up originally.

The CHAIRMAN. They had gotten their property, had they not? They got \$95,000 back plus the property is the way they were trying to figure it, is it not?

Mr. QUIGLEY. No, because——

The CHAIRMAN. They put up \$95,000 to begin with, did they not?

Mr. QUIGLEY. That is right.

The CHAIRMAN. When got \$57,000 in value from property they got a deed to, they had gotten \$57,000 of the \$95,000 back, had they not, already?

Mr. QUIGLEY. No, they hadn't got it back. They took the \$57,000 out of the \$95,000.

The CHAIRMAN. He got it back in property values.

Mr. QUIGLEY. In equity in a property, yes. He didn't get it in cash.

The CHAIRMAN. He got back the value, the \$57,000, in property, did he not, or got back property of that value in lieu of the \$57,000 that he had deposited?

Mr. QUIGLEY. That is correct.

The CHAIRMAN. It just looks like there are some shenanigans here.

Mr. QUIGLEY. He wanted \$95,000 back. I couldn't give him the equity back. I could give him \$95,000 back if he gave me \$57,000 to cover the equity.

The CHAIRMAN. I cannot see him going to give you a check for \$57,000 that day, and have you give him another one for the \$57,000 plus the balance that you had on hand. It is a strange transaction.

Mr. QUIGLEY. He wanted the \$95,000 returned to the union.

The CHAIRMAN. He wanted a \$95,000 check back from you.

Mr. QUIGLEY. That is correct.

The CHAIRMAN. Because the money originally put up, the \$95,000, was to purchase a home for the union and not a home for the individuals, that is the truth about it, is it not?

Mr. QUIGLEY. I don't know.

Senator MUNDT. Let me ask you this: Did you have any private conversations on the telephone about the context of these two letters before you received that letter from them?

Mr. QUIGLEY. I doubt it.

Senator MUNDT. It would seem to me that you almost must have had. I do not see how you would write the kind of letter you did in response to theirs unless there had been some kind of conversation between you in advance.

Mr. QUIGLEY. I think their letter to me is dated the 14th of May and this is dated the next day.

Senator MUNDT. What is that?

Mr. QUIGLEY. This is dated the next day. That was dated the 14th.

Senator MUNDT. I am talking about the conversation you might have had with them before they wrote you this letter asking for the \$95,000. It would seem quite obvious to me you must have had some conversations with them.

Mr. QUIGLEY. As far as I know I had no conversations with them before they came in with this letter.

The CHAIRMAN. Did they bring this letter to you personally?

Mr. QUIGLEY. Yes, as I recall. Mr. Klenert brought the letter in. The CHAIRMAN. He brought it in personally?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. You stamped it received on May 15, did you not?

Mr. QUIGLEY. If that is the stamp that is on there, yes.

The CHAIRMAN. I will let you look at it again.

Mr. QUIGLEY. That is all right, if it says the 15th.

Senator MUNDT. At that time, in your office, you must have had some conversation with them before you dictated your reply, which was probably dictated and carried out by them in the office.

Mr. QUIGLEY. Possibly while he waited, yes.

Senator MUNDT. You must have had some conversation about the kind of letter you would write back, because, obviously, if you were writing it without some conversation, your letter creates some extenuating circumstances for your title company which you would not want to get involved in, if you did not have the \$95,000 that you said you had, if the books look wrong. I can understand their saying "Look, we are kind of in a jam, and you can help us out, if you will write the letter this way," then you might write the letter that way.

But I do not understand that a man in your capacity, getting a letter through the mail, would have answered it in quite the language that you used, because you reiterated a statement of falsehood which you knew was not correct, because you knew they did not have any parcel No. 1. You have so testified here today, and in that letter you refer to.

Mr. QUIGLEY. That was taken from this letter and referred to the parcels because he refers to them as parcels.

Senator MUNDT. But it was also an implied recognition of the fact that you had \$95,000 of the money which you did not have. A man living in this day and age, when you have income-tax collectors looking over both shoulders, is not about to write that kind of letter unless he has some understanding.

Mr. QUIGLEY. The income-tax man looked this matter over.

Senator MUNDT. I would think so, on the basis of the two letters.

The CHAIRMAN. It seems pretty apparent that the purpose of sending over this last \$57,000 in cashier's checks and writing you a letter like that, and getting a reply from you such as you wrote, that the whole purpose of it was to try to make it appear on the books of the union that the original \$95,000 they had deposited with you had been returned, that that was the purpose of writing the letters that way. Is that not correct?

Mr. QUIGLEY. That is possible, yes.

The CHAIRMAN. What else is possible, if that is not the whole reason for it?

Mr. QUIGLEY. They wanted to get \$95,000 back into the union and this is the way they accomplished it.

The CHAIRMAN. That is right, they wanted to get \$95,000 back into the union.

Mr. QUIGLEY. That is right.

Mr. KENNEDY. Could I see the letters?

Let me ask you this:

Receipt is acknowledged of your letter of the 14th, wherein you enclose \$57,000—

which you say—

represents a deposit on certain property for the United Textile Workers of America, identified as parcel No. 2, and which sum we are to hold until such time as a definite deal is closed for the purpose of a building for your organization.

Is that true? Did you do that? Did you hold that \$57,000 as a deposit for the purchase of certain property?

Mr. QUIGLEY. No.

Mr. KENNEDY. For the purchase of a building for the union?

Mr. QUIGLEY. No.

Mr. KENNEDY. Why did you write that?

Mr. QUIGLEY. I am trying to find a reason for writing it. I could have answered it in 1952, but I can hardly do it now.

Mr. KENNEDY. Did you not have an agreement with Klenert, didn't you have conversations with him, and didn't you agree to write this letter in order to fool the union and fool the trustees of the union?

Mr. QUIGLEY. I don't think there was any attempt to fool them. They knew 95 had been taken out, and they knew 95 went back.

Mr. KENNEDY. You knew this was a union check that had been used for the purchase of personal property for Mr. Klenert and Mr. Valente, and then you lent credence to that by writing a letter such as this, which was completely misleading and false, Mr. Quigley.

Mr. QUIGLEY. It apparently hasn't misled anybody.

The CHAIRMAN. Sometimes attempts do not succeed.

Is that what you are saying?

Mr. QUIGLEY. Well, sometimes we do foolish things. Five years later they look foolish, but not at the time.

Senator MUNDT. It seems to me, Mr. Quigley, that what we have here is quite an understandable situation, as far as you were concerned. You were doing business with these two men, unknown to you, you knew nothing about them, but they were pretty substantial clients or customers at the time. So they bring this letter over in hand and they discuss with you their problem, and together you work out the kind of reply that they wanted you to make. At the time you did not think there was anything improper about it, and if you were going to be helping a client, you would go along with them. Is that the way it happened?

Mr. QUIGLEY. If I could have helped them, I would have. That is my nature.

Senator MUNDT. Surely. And the reason they brought it over in person was because they wanted to discuss with you the parts of the letter which you cannot now understand about parcel No. 1, but they said "Look, if you will fix this up with the union, it will be all right" and you had no reason to suspect them, as you knew they were custodians of the union. After reading their letter in your office, you discussed with them the nature of your reply, you dictated the reply, you signed it, and they carried it back to the office and you thought that was about the end of it. Is that about what happened?

Mr. QUIGLEY. I would say yes.

Senator MUNDT. Of course it is.

Mr. KENNEDY. And based upon this request of Mr. Klenert and Mr. Valente, Mr. Quigley, you wrote a false letter, is that right?

Mr. QUIGLEY. I am not going to admit I wrote a false letter.

Mr. KENNEDY. Well, is it true?

Mr. QUIGLEY. As far as I know it is true, yes.

Mr. KENNEDY. Was that \$57,000 used as a deposit for the building?

Mr. QUIGLEY. No, it was used to replace the \$57,000 that was used to buy the houses.

Mr. KENNEDY. Is it true, then, this letter?

Mr. QUIGLEY. The letter is incorrect, then. It doesn't—

Mr. KENNEDY. The letter is not true, is it?

Mr. QUIGLEY. Well, I am not going to say it is not true.

The CHAIRMAN. Let me ask you a question. This is your letter to them:

Receipt is acknowledged of your letter of the 14th wherein you enclose \$57,000 in cashiers' checks, \$30,000 drawn on the City Bank and \$27,000 drawn on the Liberty National Bank.

That part of the letter is factually true, is it not?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. You had received it?

Mr. QUIGLEY. Yes.

The CHAIRMAN (reading):

Which, as you say, represents a deposit on certain property for the United Textile Workers of America, identified as parcel No. 2—

and then there is this other part of the letter. That part up to there I assume is true—

and which sum we are to hold until such time as a definite deal is closed for the purchase of a building for your organization.

Is that part of the letter true?

Mr. QUIGLEY. That is not true, because we didn't hold the money.

The CHAIRMAN. You knew when you wrote the letter you were not going to hold the money, didn't you?

Mr. QUIGLEY. Evidently, yes.

The CHAIRMAN. Therefore, an auditor reading this letter, auditing the books of the company, would certainly have a right to assume that you had \$57,000 of the union money in your possession, holding it?

Mr. QUIGLEY. I did not know that that letter gave that import.

The CHAIRMAN. Can you get any other import from it?

Mr. QUIGLEY. Well, not now; no.

The CHAIRMAN. Thank you.

Mr. KENNEDY. Then the second paragraph:

As per your request, we are enclosing herewith our check for \$95,000 which was held by us as a deposit for certain property identified as parcel No. 1, and which transaction did not materialize.

That statement also is not true?

Mr. QUIGLEY. It was originally put up for parcel No. 1. The \$57,000 was taken out of that to settle parcel No. 2, which is the houses. I don't recall anything beyond that.

Mr. KENNEDY. Is that statement true?

Mr. QUIGLEY. If it is in the letter, it would have to be—I will have to let it go into the record.

The CHAIRMAN. You would agree at least that it is misleading as to facts, wouldn't you?

Mr. QUIGLEY. As it is now read, I would say yes.

The CHAIRMAN. As it was written then, would you say yes?

Mr. QUIGLEY. It was not intended to mislead anybody. I can assure you of that.

The CHAIRMAN. I didn't say that. But it is misleading as a matter of fact now and then, now as you read it and then as you wrote it?

Mr. QUIGLEY. I didn't intend it that way.

The CHAIRMAN. I don't know how you could have said it much stronger.

Mr. KENNEDY. You might not have intended it, but it is misleading as to fact?

Mr. QUIGLEY. If that is the way you construe it, it will have to be construed that way is all.

Mr. KENNEDY. Did you write a rough copy of the letter prior to the time you sent this letter out?

Mr. QUIGLEY. I don't recall.

The CHAIRMAN. I hand you here what appears to be a letter, unsigned, dated May 15, 1952, addressed to United Textile Workers of America, bearing your name, typewritten, as president. I will ask you to examine this and see whether you identify this as a photostatic copy of a letter you prepared on the same date?

(The document was handed to the witness.)

Mr. QUIGLEY. I don't know whether this letter went out or whether the other letter returning the \$95,000 is the one that did go out.

The CHAIRMAN. Do you know which one went out?

Mr. QUIGLEY. I am presuming it was the other one and not this, because that is—

The CHAIRMAN. Did you not write that one first, and then they suggested that you rewrite the letter which you delivered to them, the one that we have been discussing?

Mr. QUIGLEY. I don't know why the switch, whether it was at their suggestion or not. I don't know.

The CHAIRMAN. Do you know which letter you wrote first?

Mr. QUIGLEY. No, I wouldn't.

The CHAIRMAN. You don't know which one you wrote first?

Mr. QUIGLEY. No.

The CHAIRMAN. Let's read this one, if you identified it. We will make it exhibit No. 15.

(The document referred to was marked "Exhibit No. 15" and follows below.)

The CHAIRMAN. Let's read it and see if we can unravel that aspect of it. This letter is dated May 15, 1952. United Textile Workers of America, 818 13th Street NW., Washington 5, D. C. Re lot 1, plot 18, and parcel Rock Creek Hills, Montgomery County, Md., MTC No. 2223, Klenert and Valente.

GENTLEMEN: I am returning check for \$95,000 which you deposited with the company as the deposit or downpayment on a building for your organization. Inasmuch as it appears that there might be some delay in closing the transaction, we thought it advisable to return these funds, and we will call on you when the transaction has been completed.

Very truly yours,

MUTUAL TITLE CO.,

MARTIN J. QUIGLEY, *President*.

Can you tell us now, after hearing the letter read, which you wrote first?

Mr. QUIGLEY. I would presume I wrote that one first and then did not use it.

The CHAIRMAN. And why did you change and write the other one in the form of misleading statements that it contains?

Mr. QUIGLEY. Possibly at their suggestion. I don't know.

The CHAIRMAN. At their suggestion?

Mr. QUIGLEY. Yes.

The CHAIRMAN. Thank you.

Mr. KENNEDY. This letter that you were intending to send out originally was equally misleading, was it not?

Inasmuch as it appears that there might be some delay in closing the transaction, we thought it advisable to return these funds and we will call upon you when the transaction has been completed.

That is not in accordance with the facts at all, is it?

Mr. QUIGLEY. No. My main objective was to get the \$95,000 back to the union which they requested me to get back.

Mr. KENNEDY. And then the reference here as to Rock Creek Hills. Rock Creek Hills are the two pieces of property of Mr. Klenert and Mr. Valente, is that right?

Mr. QUIGLEY. We only had one case. We didn't have parcel No. 1 identified. We had no way to identify it, so we threw it into one case number.

Mr. KENNEDY. And that refers to the two pieces of property purchased by Mr. Klenert and Mr. Valente?

Mr. QUIGLEY. That is how we could identify the transaction.

Mr. KENNEDY. Isn't it a fact that from the beginning, the \$95,000 was going to be used to purchase these two homes for Mr. Klenert and Mr. Valente, that ultimately it was decided to use only \$57,000 of it, decided on May 5, 1952, and subsequently, 10 days later, it was decided to handle the transaction in a different way, and return the \$95,000, and get a new \$57,000 back, and that you were a part of all of this, that you knew about it?

Mr. QUIGLEY. It was not 10 days later. The settlement was made on the 5th of May.

Mr. KENNEDY. And these moneys were returned on May 15?

Mr. QUIGLEY. That is right.

Mr. KENNEDY. You knew about this, and knew it was a subterfuge to hide this from the union members, did you not?

Mr. QUIGLEY. This did not arise until the dates on those letters, which was 10 days later. It had nothing to do with the original settlement of the houses.

Mr. KENNEDY. Wasn't it understood right from the beginning that the \$95,000 was going to be used to purchase 2 homes for Klenert and Valente, that this idea of buying a building for the union had no basis in fact? Isn't that correct, Mr. Quigley?

Mr. QUIGLEY. If they had an idea to use the \$95,000 to purchase the houses, they must have changed their minds. I don't know.

Mr. KENNEDY. There was never any building identified, you never took them to any building which they had put this money down for as deposit, is that right?

Mr. QUIGLEY. That is correct.

(At this point, the chairman withdrew from the hearing room.)

Mr. KENNEDY. Wasn't it understood, and you were a part of it from the beginning, that the \$95,000 of union funds was going to be used to purchase these 2 pieces of property?

Mr. QUIGLEY. It was not used to buy—they are the ones that would say whether it was to be \$95,000 or \$57,000, not me. I could handle it either way they wanted.

Mr. KENNEDY. But the \$95,000 of union funds was going to be used to buy these 2 pieces of property for Mr. Klenert and Mr. Valente?

Mr. QUIGLEY. They deposited \$95,000. Whether it was to be used, the entire amount, to buy the houses, I don't know. They would have to answer that.

Mr. KENNEDY. You knew they wanted to hide these transactions, and that is why you wrote these letters; is that correct?

Mr. QUIGLEY. I knew they wanted to get the money back into the union.

Mr. KENNEDY. And they did not want anyone to know how the money had been used, or how this new \$57,000 was to be used?

Mr. QUIGLEY. Whether they wanted anybody to know on that, I don't know. They will have to answer.

Mr. KENNEDY. They must have told you that, or you wouldn't have written that kind of a letter?

Mr. QUIGLEY. They must have told me this way, and that is the way I did it.

Mr. KENNEDY. And didn't they tell you and didn't you know that the purpose of it was to hide the transactions?

Mr. QUIGLEY. I am not the guardian of their conscience.

Mr. KENNEDY. I am not asking you if you are the guardian of it. I am asking: Isn't it a fact that you knew that these letters were to be used to hide the transaction?

(At this point the chairman entered the hearing room.)

Mr. QUIGLEY. I didn't consider it any of my business. If they wanted to get the money back into the union and use this subterfuge to do it, that was up to them.

Mr. KENNEDY. Mr. Quigley, I think it is very much your business. You were writing false letters to an organization and letters you knew to be false. You can't say it wasn't any of your business.

Mr. QUIGLEY. It wasn't any of my business. If I made it my business, they would have told me promptly that it was not.

Mr. KENNEDY. You would have lost a transaction, you would have lost a business deal.

Mr. QUIGLEY. I am still in business. That wouldn't have broken me.

Mr. KENNEDY. But you would have lost this transaction.

Mr. QUIGLEY. They couldn't recall the deal then. The settlement was made on May 5.

Mr. KENNEDY. Have you received any business from the union since this transaction?

Mr. QUIGLEY. What kind of business do you mean?

Mr. KENNEDY. Any kind of business?

Mr. QUIGLEY. Title business?

Mr. KENNEDY. No, just any kind of business.

Mr. QUIGLEY. I have written some insurance for them; yes.

Mr. KENNEDY. For whom?

Mr. QUIGLEY. For the Textile Workers of America, and some automobile and fire insurance for Mr. Klenert.

Mr. KENNEDY. And had you written any insurance, insurance business, for the union or for Mr. Klenert prior to this transaction?

Mr. QUIGLEY. No. I never met them until this transaction.

Mr. KENNEDY. How much does that insurance business amount to that you have written for the union since this transaction?

Mr. QUIGLEY. I don't know.

Mr. KENNEDY. When was the first arrangement made so that you could have the insurance?

Mr. QUIGLEY. In this particular settlement, I arranged to have the equity covered for fire and extended coverage.

Mr. KENNEDY. What about the union's business?

Mr. QUIGLEY. Some time later, in maybe January or February, Mr. Klenert called me and asked me if I wasn't an insurance broker, and I told him yes, that I had written the insurance on his house. He said he was discharging the broker in this fidelity bond matter, and he could have me named as broker.

My name was evidently submitted to the Continental Casualty Co., and I have collected commissions from them for 4 years.

Mr. KENNEDY. Mr. Chairman, we cannot finish with Mr. Quigley at this time. He took part in a later transaction. If it is possible, could we put the checks in now?

This is the \$57,000.

The CHAIRMAN. The Chair observes the time. We would like to quit by 5 o'clock. Will that permit us to do that?

Mr. KENNEDY. If we put these checks in, we can quit by 5 o'clock.

The CHAIRMAN. Mr. Quigley, apparently we cannot conclude with you this afternoon, so you will return tomorrow afternoon at 2 o'clock.

Mr. KENNEDY. Could he identify these checks?

We will put the checks in with another witness, the cashier's checks from the banks.

The CHAIRMAN. Mr. Quigley, I hand you 4 photostatic copies of checks, all dated May 15, 1952, 2 of them in the amount of \$7,000 each, 1 in the amount of \$8,000 and the other in the amount of \$5,000, drawn by Wales H. Jackson on the Liberty National Bank of Washington, D. C.

They are actually bank drafts instead of checks. They aggregate \$27,000. I ask you to examine the photostatic copies of the bank drafts and see if you identify them. When you have examined them, if you identify them and so state, then explain what they are and what your connection with them is.

(Documents were handed to the witness.)

Mr. QUIGLEY. I think these are the \$27,000 referred to in that letter.

The CHAIRMAN. Those are the checks you received to make up the \$27,000 referred to in the letter as from the Liberty National Bank?

Mr. QUIGLEY. They are cashiers checks on the Liberty Bank; yes.

The CHAIRMAN. Those may be identified as exhibit No. 16-A, B, C, and D.

(The documents referred to were marked "Exhibits Nos. 16-A through 16-D," for reference and will be found in the appendix on pp. 3526-3529.)

The CHAIRMAN. The Chair now hands you 3 checks, photostatic copies of checks, dated May 14, 1952; 1 in the amount of \$10,000, 1 in the amount of \$7,000, 1 in the amount of \$13,000. They are cashiers checks, drawn on the City Bank of Washington, D. C.

I will ask you to examine these checks, photostatic copies of checks, and see if you identify them. If so, state what they are and your connection with the transaction.

(Documents were handed to the witness.)

Mr. QUIGLEY. These are the checks that are mentioned in that letter, totaling \$57,000.

The CHAIRMAN. Those total \$30,000, is that correct?

Mr. QUIGLEY. That is right. These are \$30,000 and the others are \$27,000, making a total of \$57,000.

The CHAIRMAN. These will be made exhibit No. 17-A, B, and C.

(The documents referred to were marked "Exhibits Nos. 17-A through 17-C" for reference and will be found in the appendix on pp. 3530-3532.)

The CHAIRMAN. The checks that were made exhibit 16 that you examined totaled \$27,000 and these checks you have just examined, exhibit 17 in the record, are the checks that made up the \$57,000 which you received on May 15?

Mr. QUIGLEY. Yes, sir.

Mr. KENNEDY. Mr. Chairman, I wonder if we can get these other documents in.

Did you make up a second deed of trust on Mr. Klenert's property?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. And Mr. Valente's, also?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. Who took the second deed of trust?

Mr. QUIGLEY. We created those trusts for them for the purpose of their using them as collateral to borrow money.

Mr. KENNEDY. Who took the trust?

Mr. QUIGLEY. They did.

Mr. KENNEDY. Who was beneficiary of the trusts?

Mr. QUIGLEY. The beneficiary named is a straw party who endorsed the notes without recourse.

Mr. KENNEDY. Was it an employee of yours?

Mr. QUIGLEY. An employee of mine; yes.

Mr. KENNEDY. She took the trust?

Mr. QUIGLEY. No. She was merely a conduit to title. She endorsed it without recourse and handed it to them. It was their property to use as collateral and do with as they saw fit.

Mr. KENNEDY. The records of Montgomery County would indicate there was a second trust?

Mr. QUIGLEY. That is right. If I recall it is \$15,000 on the Klenert house and \$10,000 on the Valente house.

Mr. KENNEDY. When, in fact, there was no second trust; is that right?

Mr. QUIGLEY. There was a second trust.

Mr. KENNEDY. Owed to himself?

Mr. QUIGLEY. If I own a piece of real estate and I want to put a trust on it to take it out and use it as collateral, that is perfectly legitimate business, and it is done every day.

Mr. KENNEDY. Anybody going through the records of Montgomery County would assume that Klenert and Valente did not have nearly the money in this property that the records would indicate; is that right?

Mr. QUIGLEY. That is right.

The CHAIRMAN. I hand you what purports to be a photostatic copy of the deed of trust. Will you examine it and see if this is the deed of trust about which you have been testifying?

(A document was handed to the witness.)

Mr. QUIGLEY. Yes; that is a trust for \$15,000 on the Klenert property. I think you will find one for ten on the Valente property.

The CHAIRMAN. As I understand, it is made out to an employee in your office?

Mr. QUIGLEY. That is correct.

The CHAIRMAN. And immediately thereafter endorsed by her back to the maker of the instrument?

Mr. QUIGLEY. That is right.

The CHAIRMAN. So, therefore, there was actually no deed of trust in the sense that the maker of that deed of trust owed that money on it?

Mr. QUIGLEY. If I own a piece of property, I can put a trust on it and go out and borrow money on it. It is my note, my property.

The CHAIRMAN. I understand that, but the minute she endorsed that paper back to the maker of it, there was no actual debt or obligation, unless you can say, "I owe myself so much money." Is that not true?

Mr. QUIGLEY. He has it in his hand to negotiate the note at any time. He can go out and borrow \$10,000 on it, \$5,000, pay it off and get the note back.

The CHAIRMAN. But until he does that, there is actually no obligation there, is there?

Mr. QUIGLEY. No, there would not be any obligation until he hypothecated the note.

The CHAIRMAN. That may be made exhibit No. 18.

(The document referred to was marked "Exhibit No. 18" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Are there any further questions of this witness?

I will hand you what purports to be the original of a note for \$10,000. I present it to you and ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. QUIGLEY. Yes. This is a note for \$10,000 Mr. Valente put on at the same time Mr. Valente put on the other trust.

The CHAIRMAN. That represents a transaction on the other piece of property, the Klenert, or is that Valente?

Mr. QUIGLEY. This is Valente.

The CHAIRMAN. The one that you have in your hand now represents Valente?

Mr. QUIGLEY. That is right.

The CHAIRMAN. How was that handled? That is a note made out, is it not?

Mr. QUIGLEY. Yes. That note was endorsed to somebody by this straw party, Laida Kreuz, and was evidently negotiated. The party who bought it or loaned him the money is the assignee of the note. That note has actually been negotiated.

The CHAIRMAN. That note has actually been negotiated?

Mr. QUIGLEY. The endorsements would indicate that; yes sir.

The CHAIRMAN. That may be made exhibit No. 19.

(The document referred to was marked "Exhibit No. 19" for reference and will be found in the appendix on pp. 3533-3535.)

Senator MUNDT. What I have in my hand is the \$15,000 from Mr. and Mrs. Klenert to M. Parker Nolan and Martin J. Quigley. Are those two people employees in your office?

Mr. Quigley: I am Martin J. Quigley, and Parker Nolan was a real-estate broker. We use deeds of trust in this jurisdiction.

Senator MUNDT. You said they gave the name of a strawman.

Mr. QUIGLEY. That is the payee on the note, Laida Kreuz.

Senator MUNDT. This is recorded, apparently.

Mr. QUIGLEY. In Montgomery County; yes, sir.

Senator MUNDT. What would be the purpose of recording it if it had not been negotiated?

Mr. QUIGLEY. Well, if you take the note out to borrow money on it, you must show that it is recorded. You must show that it is a good second lien on the property.

Senator MUNDT. You record it before you actually make a loan?

Mr. QUIGLEY. Before they negotiate it; yes, sir. The practice here is, it is always the papers go on record first and are run down, to see that there are no intervening liens, judgments, tax liens, or anything like that, and then you run the record through this instrument and then you are in a good position to certify it is in a good trust.

Senator MUNDT. Is this a customary practice, to do it this way?

Mr. QUIGLEY. Yes, sir; that is the regular practice. We create second trusts every day. A man comes in to us and wants to borrow—

Senator MUNDT. I mean in exactly this manner, where it is assigned back without recourse?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. Mr. Quigley, we are going to recess until 2 o'clock tomorrow afternoon. It will not be necessary for you to be back at that time, but you will remain under subpoena subject to call when we do need you before we conclude this series of hearings.

Mr. QUIGLEY. I would appreciate it if I could remain in my office subject to call. I will be here within 30 minutes from the time you want me.

The CHAIRMAN. The committee will now recess until 2 p. m., tomorrow afternoon.

(Whereupon, the hearing in the above-entitled matter was recessed at 4:40 p. m., to reconvene at 2 p. m., of the following day.)

(Members of the select committee present at the taking of the recess: Senators McClellan, Mundt, and Curtis.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 18, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska. Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

(Members of the committee present at the convening of the session: Senators McClellan, Ives, Kennedy, Goldwater, Mundt, and Curtis.)

The CHAIRMAN. The committee will be in order.

We will resume the hearings that we recessed yesterday in the Textile Workers of America inquiry.

Proceed, Mr. Counsel.

Mr. KENNEDY. I would like to call Mr. Calabrese.

The CHAIRMAN. Mr. Calabrese, you have been previously sworn, and you may proceed, Mr. Kennedy.

(At this point, Senator Kennedy withdrew from the hearing room.)

TESTIMONY OF ALPHONSE F. CALABRESE

Mr. KENNEDY. You have been working and making an investigation of the United Textile Workers of America, have you not, a staff investigation?

Mr. CALABRESE. Yes, jointly with Mr. Ralph Mills of our staff, and Morton Henig, that is correct.

Mr. KENNEDY. And that investigation has been going on for some 10 weeks, is that right?

Mr. CALABRESE. Possibly three months, that is correct.

Mr. KENNEDY. Now, you have made an investigation and study of some of the bank accounts and some of the checks that we are interested in, is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And you have some of those accounts in front of you?

Mr. CALABRESE. I do.

Mr. KENNEDY. Specifically, do you have the records concerning the original \$95,000 that was used for the alleged deposit for the purchase of a building for the textile union?

Mr. CALABRESE. Yes, sir, I do.

The CHAIRMAN. From what records are you testifying, Mr. Calabrese? Where were they procured?

Mr. CALABRESE. I have a transcript of the ledger account of the United Textile Workers of America from the period 1949 to 1953, that is the time when the United Textile Workers of America had their accounts with the City Bank.

I have also, I might add, when I testified yesterday, no microfilm made of the checks drawn on this account. There are none available, and, of course, the union themselves, the officials of the union have advised that the records during 1952 have been destroyed.

Now, I have—

Mr. KENNEDY. Specifically, also, you have the minutes of one of the meetings, or some of the meetings of the textile union during this period?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Are those minutes obtained from their files, and from their records?

Mr. CALABRESE. From the files of the United Textile Workers of America, that is correct.

The CHAIRMAN. Now, the first minutes that we are interested in is April 25, 1952, is that correct?

Mr. CALABRESE. That is correct.

The CHAIRMAN. What does that minute state, in substance?

Mr. CALABRESE. It is located on pages 6 and 7 and it is, very briefly, a resolution by the executive council of the United Textile Workers of America, at a meeting at the Sherry-Frontenac Hotel in Miami Beach, April 25, 1952. The resolution states as follows:

In line with the above, the following resolution was adopted by unanimous vote of the council: that the international secretary be authorized to convert into cash \$95,000 worth of defense bonds now entitled to the United Textile Workers of America, for the purpose of purchasing a building for the organization, and be it further resolved that pending the conversion into cash of said defense bonds, that the secretary-treasurer be authorized to negotiate a loan from the City Bank in the amount of \$95,000.

The CHAIRMAN. That document may be made exhibit 20.

(The document referred to was marked "Exhibit 20" for reference and will be found in the appendix on p. 3536.)

The CHAIRMAN. I believe that you read all of it into the record.

Mr. KENNEDY. Now, was there, subsequently on May 1, 1952, a loan made of \$95,000?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. From the City Bank?

Mr. CALABRESE. That is correct, to the United Textile Workers of America.

Mr. KENNEDY. That money was subsequently used as a downpayment for these two homes, is that right, for the purchase of these homes?

Mr. CALABRESE. \$95,000 the next day was turned over to Mr. Quigley, as he testified.

Mr. KENNEDY. And \$57,000 of that was used for the payment on these two homes of Mr. Klenert and Mr. Valente?

Mr. CALABRESE. Mr. Quigley so testified.

The CHAIRMAN. They borrowed, or the union borrowed this \$95,000 from the bank?

Mr. CALABRESE. That is correct.

The CHAIRMAN. It is a union loan?

Mr. CALABRESE. It is a union loan.

The CHAIRMAN. That is the same \$95,000 that was deposited with Mr. Quigley?

Mr. CALABRESE. It was \$95,000 deposited in their account and then a check was drawn.

The CHAIRMAN. \$95,000 was deposited in whose account?

Mr. CALABRESE. The United Textile Workers of America account.

The CHAIRMAN. It was deposited, the money procured by the loan?

Mr. CALABRESE. That is correct.

The CHAIRMAN. It was deposited in the textile union's account, and then what happened to it?

Mr. CALABRESE. On the following day, there is a debit of \$95,000 to that account. We do not have the check, but Mr. Quigley, yesterday in his testimony, put into evidence a deposit slip showing that Mr. Quigley put into the trustee account of the Mutual Title Co. \$95,000 obtained from the United Textile Workers of America.

The CHAIRMAN. How many days was that after the loan was obtained and the deposit made to the union?

Mr. CALABRESE. That is 1 day.

The CHAIRMAN. One day following?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. All right; I just wanted to get the record completely clear on it.

Mr. KENNEDY. Now, subsequently, in May of 1952, was there another loan procured of \$100,000?

Mr. CALABRESE. I am sorry.

Mr. KENNEDY. Subsequently, on May 13, 1952, was there another loan for \$100,000 secured from a bank?

Mr. CALABRESE. Yes; that is correct.

Mr. KENNEDY. From the Liberty National Bank?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Would you tell us what happened to that?

That is May 13?

Mr. CALABRESE. Yes.

Mr. KENNEDY. That is 13 days after this other loan was secured?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. The first one was May 1 from the City Bank and this is May 13 from the Liberty National Bank.

Mr. CALABRESE. Yes, sir. If I might state, the records of the Liberty National Bank which were subpoenaed indicated that on May 8, 1952, under the name of United Textile Workers of America, a loan was applied for in the amount of \$100,000, interest rate 4 percent, time 60 days, and to be used for "purchase of new quarters but old building."

This was an unsecured loan backed up by over \$100,000 worth of

additional series F Government bonds, which were owned by the union.

The CHAIRMAN. It was not unsecured, but it was secured by the bonds?

Mr. CALABRESE. It is considered by the bank unsecured. However, they had series F bonds they were going to redeem for the union and then apply to the return of the loan.

The CHAIRMAN. So it was actually, in effect, a cashing in of the bonds, is that what it amounted to?

Mr. CALABRESE. That is correct. Now, accompanying this application is a certification by the president of the union, Mr. Anthony Valente, in essence, stating that he had authority to make the loan.

The CHAIRMAN. To borrow the money, you mean?

Mr. CALABRESE. Yes, to borrow the money, on the basis of an October 1946 executive council meeting, and resolution.

So that what you have is a resolution of April 25, 1952, allowing the UTWA to make a loan of \$95,000 from the City Bank and then you have this subsequent loan which was finally made on May 13, on which Mr. Valente based authority for making this loan, on the October 1946 resolution of the executive council.

The CHAIRMAN. They only had one resolution, and that resolution specified \$95,000?

Mr. CALABRESE. For the purchase of a new headquarters.

The CHAIRMAN. For the union?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. And that \$95,000 was borrowed?

Mr. CALABRESE. That is correct.

The CHAIRMAN. And then, subsequently, just a few days later, Valente takes the same resolution——

Mr. CALABRESE. An earlier resolution, October 19, 1946.

The CHAIRMAN. In October of 1946, and he takes that resolution and borrows another \$100,000?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Both of them ostensibly for the same purpose?

Mr. CALABRESE. That is correct.

The CHAIRMAN. And the first one was not used for that purpose.

Mr. CALABRESE. No.

The CHAIRMAN. It was used to buy residences for the two officers?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Now we have it straight.

Mr. KENNEDY. We want to get into how this other second loan of \$100,000 was used. Do you have some evidence and information on that?

Mr. CALABRESE. I have a transcript of the ledger account of the union's account at the Liberty National Bank.

The CHAIRMAN. Just a moment. Let us make these documents from which you have read there, exhibits. You have read the pertinent parts of them, but the documents will be made exhibits 21 and 22, the two documents the witness has read from, for reference.

(The documents referred to were marked "Exhibits 21 and 22," for reference and will be found in the appendix on pp. 3537-3538.)

The CHAIRMAN. I am anxious to keep the record straight.

Mr. CALABRESE. The next documents which I have, four sets of copies obtained from the Liberty National Bank, show the applica-

tion card of the United Textile Workers of America, and with the signature of Lloyd Klenert, indicates the account was opened on May 13, 1952, and closed on June 9, 1953, approximately 1 year. The account was opened with the \$100,000 which was borrowed on May 13, 1952. Thereafter, the account is debited \$30,000 on May 15, 1952. It is also debited in the amount of \$7,000, \$5,000, \$7,000, and \$8,000, on May 15, making a total of \$57,000.

The CHAIRMAN. You mean checks were drawn against the account, or withdrawals to the amounts you have spoken of?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Making a total of \$57,000?

Mr. CALABRESE. \$57,000; yes, sir. Now, with regard to the first \$30,000, the City Bank account of the United Textile Workers of America indicates a deposit on May 14, 1952, of \$30,000.

Mr. KENNEDY. So the money came out of the Liberty National Bank, and they got the loan on May 13 and there was an immediate withdrawal of \$30,000, and of \$27,000, making a total of \$57,000?

Mr. CALABRESE. It was placed in the City Bank.

Mr. KENNEDY. So \$30,000 was then transferred over to the City Bank?

Mr. CALABRESE. That is right. With that \$30,000, the checks which were offered in evidence yesterday which Mr. Quigley identified, \$30,000 worth of cashier's checks were purchased by Mr. Anthony Valente, from the City Bank.

The CHAIRMAN. Out of union money?

Mr. CALABRESE. Yes. The union account, the City Bank account is debited for \$30,000, and then Mr. Valente buys \$30,000 worth of cashier's checks, and it is union money, as I will subsequently show.

The CHAIRMAN. All right.

Mr. KENNEDY. As you have taken it up so far it came out of the Liberty National Bank and went into the City Bank, and then on that same date there were \$30,000 worth of cashier's checks purchased; is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And those cashier's checks were used for the downpayment or part of the downpayment or part of the \$57,000 that was given to Quigley?

Mr. CALABRESE. On May 14; that is correct.

Mr. KENNEDY. Now, what you have to do yet is to show the connection between that \$30,000 of cashier's checks and the \$30,000 that was deposited; is that right?

Mr. CALABRESE. Well, as Mr. Quigley—

Mr. KENNEDY. That is what you have to fill in?

Mr. CALABRESE. That is correct. In other words—

Mr. KENNEDY. And you will do that?

Mr. CALABRESE. That is right.

Now, with the \$27,000, which was also withdrawn from the Liberty National Bank, we find on May 15, that Mr. Klenert purchased 4 bank drafts, on the Chase National Bank of New York, and they were in the amounts of \$8,000, \$7,000, \$7,000, and \$5,000, totaling \$27,000, and thereby making a total amount of \$57,000 which Mr. Valente and Mr. Klenert obtained through cashier's checks and bank drafts during May. The reverse sides of all of the cashier's checks and the bank

drafts show with regard to Mr. Valente that he endorsed it, and the second endorsement of deposit to the credit of Mutual Title Co., trustee account.

The bank drafts which Klenert purchased show Mr. Klenert's signature, and deposit to the credit of the Mutual Title Co., trustee account. So that all \$57,000 found its way back to Mr. Quigley, of the Mutual Title Co.

Mr. KENNEDY. As you have discussed before, the records of the union have been destroyed, is that right?

Mr. CALABRESE. The records during the pertinent period, yes.

The CHAIRMAN. They are reported to you to have been destroyed?

Mr. CALABRESE. We have been so advised, yes.

The CHAIRMAN. By union officials?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. And the bank did not keep Recordak check.

Will you show how you were able to connect these checks together, with the union funds, the bank drafts and the cashiers checks with the \$57,000 from this account of \$100,000?

Mr. CALABRESE. Mr. Eric Janssen, the auditor of the United Textile Workers of America, prepared an audit report for 3 months, April through June 30, 1952. In connection with this audit report, he prepared a supplement which broke down certain organizational expenses attributed to the union.

I have here in my hand a copy of this supplement which shows that the \$30,000 drawn to cash on May 13 from the UTWA account, attributed to certain situations such as the Canadian situation, New Jersey situation, and North Carolina situation, were then used to purchase cashier's checks issued in like amounts to Anthony Valente, endorsed by Anthony Valente, and endorsed and deposited by the Mutual Title Co. That ties that \$30,000 into that, according to Mr. Janssen.

Now another breakdown, showing the expenditures tied in with the Liberty National Bank—

Mr. KENNEDY. Just on that, this is an account by the auditor of what the records indicated at that time?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. That there was a check made out for \$13,000 which was for the Canadian situation?

Mr. CALABRESE. Made out to cash; yes, sir.

Mr. KENNEDY. There was a check for cash made for \$7,000 to cover the New Jersey situation?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And there was another check for \$10,000 to cover the North Carolina situation?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. He then states that he made a study of those checks, which were in existence at the time of this report, and finds the cashier's checks were then purchased with these checks, is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And that they were endorsed by Anthony Valente, and endorsed over to the Mutual Title Co., is that right?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Those are the checks that were discussed here by Mr. Quigley yesterday?

Mr. CALABRESE. Yes, that is correct.

The CHAIRMAN. Do I understand that there are false entries in the ledger there as to how this money was used?

Mr. CALABRESE. That is correct.

The CHAIRMAN. In other words, they show when they charge it on the ledger, to account for the money to the union, they show it was used for one purpose whereas it was actually used to purchase their homes?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Now we get into the bank drafts, the purchase of the bank drafts.

Mr. CALABRESE. In the same supplement, under the heading of Liberty National Bank, it shows on May 14, checks drawn on the UTWA account to cash in the amounts of \$7,000, \$8,000, \$7,000, and \$5,000, or a total of \$27,000, attributed to organizing expenses in New York, organizing expenses in Pennsylvania, and organizing expenses in the Midwest, and organizing expenses in Massachusetts.

Under his remarks, he indicates that drafts were issued at the Liberty National Bank in like amounts to Lloyd Klenert, endorsed by Lloyd Klenert, and then endorsed and deposited by the Mutual Title Co.

Mr. KENNEDY. So these checks of the union, the \$27,000 in checks, charged to organizational expenses in New York, Pennsylvania, the Midwest, and Massachusetts, were then taken, and there were bank drafts purchased in the New York Chase National Bank. Those bank drafts, then, went down and were used as a downpayment on this home, is that right, or a payment on this home?

Mr. CALABRESE. Yes, sir. It turned out Mr. Quigley used it for the payment.

Mr. KENNEDY. Mr. Quigley gave his explanation of what that \$27,000 amounted to, is that right?

Mr. CALABRESE. That is right, the 27 and the 30.

Mr. KENNEDY. So the total for these 2 transactions was \$57,000?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And that was used to purchase the equity in the two homes for Mr. Valente and Mr. Klenert?

Mr. CALABRESE. That is right.

Mr. KENNEDY. And they assumed the mortgages, is that right?

Mr. CALABRESE. They assumed the mortgages.

I might explain, it was explained yesterday but it might be well to point out at this time, that by May 13, May 14, or May 15, \$57,000 had already been used of the \$95,000 for the settlement of the homes of Mr. Klenert and Mr. Valente on May 5, 1952. That was the settlement date.

Mr. KENNEDY. That was the original \$95,000?

Mr. CALABRESE. That is right. Now this \$57,000 is being replaced on May 14 to take care of the other \$57,000 that was put into the settlement of the homes.

Mr. KENNEDY. See if I can understand you.

The \$95,000 that was originally paid back on May 5, 1952—

Mr. CALABRESE. May 15.

Mr. KENNEDY. No, the original \$95,000. May 2, was it? The original \$95,000 was paid May 2, 1952, to Mr. Quigley?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. That was charged to the building fund on the union books?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Then on May 5 or May 6, they took \$57,000 of that and used it to complete the deal?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. So the union at that point was out \$95,000, but \$57,000 of it actually had been spent for these two houses?

Mr. CALABRESE. Right.

Mr. KENNEDY. So they went through to May 15. Then, according to this exchange of letters, they wanted the money back, the whole \$95,000?

Mr. CALABRESE. That is right.

Mr. KENNEDY. Of course, by that time, Mr. Quigley already spent \$57,000, is that right?

Mr. CALABRESE. Right.

Mr. KENNEDY. So he could not give the whole money back unless they gave him \$57,000?

Mr. CALABRESE. That is true.

Mr. KENNEDY. He already spent it. He sent them a check for \$95,000 but they sent him a check for \$57,000. The second \$57,000 was charged to organizational expenses, is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. So Mr. Quigley ended up exactly the same. The union ended up with a charge to organizational expenses rather than a building fund?

Mr. CALABRESE. Right.

Mr. KENNEDY. If it was continued on the books as a building fund, as a deposit on the building fund, ultimately Mr. Klenert and Mr. Valente would have to account for it either by producing a building or having the money returned, is that right?

Mr. CALABRESE. It would be that way, yes.

Mr. KENNEDY. But if it was charged to organizational expenses, they could argue that the money had been spent during that period of time, is that right?

Mr. CALABRESE. Yes.

Mr. KENNEDY. So it wouldn't be necessary to account for that money as it would be if it was charged to a building fund, where either they had to produce the building or produce the \$95,000?

Mr. CALABRESE. That is correct.

(At this point, Senator McClellan withdrew from the hearing room.)

Senator IVES. Are there any comments to be entered?

Mr. KENNEDY. Are there some exhibits, some documents that you referred to?

Mr. CALABRESE. Do you want the audit report and the supplement?

Mr. KENNEDY. I think just the supplement.

Senator IVES. That will be made exhibit 24.

Mr. CALABRESE. Next is the application card, the deposit slip and the ledger card of the Liberty National Bank.

Senator IVES. That will be exhibit 23.

(Documents referred to were marked "Exhibits 23 and 24" for reference and will be found in the appendix on pp. 3539-3543.)

(At this point, Senator McClellan entered the hearing room.)

Senator IVES. Is that all, Mr. Counsel, of this witness?

Mr. KENNEDY. On this supplement to the auditor's report, there is another \$17,500, is that right, for the period May 27 through June 17?

Mr. CALABRESE. Yes, that is correct.

Mr. KENNEDY. That was in addition to the \$57,000, there is another \$17,500, and that is also charged to organizational expenses of various amounts?

Mr. CALABRESE. That is correct.

Senator IVES. Are there any further questions of the witness?

Does any member of the committee have any question to ask of the witness?

If not, the witness is excused.

Call the next witness, please, Mr. Counsel.

Mr. KENNEDY. Mr. Klenert.

(Members present at this point: Senators McClellan, Ives, Goldwater, Mundt, and Curtis.)

Senator IVES. Mr. Klenert, you do solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KLENERT. I do.

**TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL,
JAMES M. McINERNEY**

Senator IVES. Is the counsel also going to be in this?

You might as well swear, too.

What is your name?

Mr. McINERNEY. My name is James M. McInerney.

Senator IVES. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McINERNEY. I do, sir.

Senator IVES. Go ahead, Counsel.

Mr. McINERNEY. Mr. Chairman?

Senator IVES. Address the Counsel.

Mr. McINERNEY. Mr. Counsel, may I make a request under rule 8 of the committee's rules with respect to taking pictures during the testimony?

Senator IVES. You can make the request. What is the request?

Mr. McINERNEY. That picture-taking be dispensed with during the taking of this witness' testimony.

Senator IVES. We have had that before. I do not think there is any objection to granting your request.

The Chairman is here.

The CHAIRMAN. Without objection on the part of the committee, the request will be granted. The photographers will refrain from taking pictures of the witness while he testifies.

Mr. Klenert, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. KLENERT. My name is Lloyd Klenert.

Do you want my home residence, sir?

The CHAIRMAN. Yes, sir.

Mr. KLENERT. 9801 Old Spring—

The CHAIRMAN. Gentlemen, I think the chairman warned the photographers. Was there any misunderstanding on that?

All right. Proceed. Go ahead.

Mr. KLENERT. 9801 Old Spring Road, Kensington, Md. I am the international secretary-treasurer of the United Textile Workers of America.

The CHAIRMAN. Thank you, sir.

You have your counsel with you. I do not know whether counsel identified himself for the record or not.

Will you identify yourself, Counsel, for the record, please?

Mr. McINERNEY. James M. McInerney, 1317 F Street NW., Washington.

Senator MUNDT. Mr. McInerney, are you the union's attorney?

Mr. McINERNEY. No, sir, I am not. I am appearing as counsel to this witness.

Senator MUNDT. Thank you.

Mr. KENNEDY. Mr. Klenert, how long have you been with the United Textile Workers?

Mr. KLENERT. I joined in 1933, sir.

Mr. KENNEDY. 1933?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And what was your position? What was your first official position?

Mr. KLENERT. President of my local union.

Mr. KENNEDY. Where was that?

Mr. KLENERT. In New York City.

Mr. KENNEDY. New York City. What number was that?

Mr. KLENERT. Local 92.

Mr. KENNEDY. And when did you assume that position as president?

Mr. KLENERT. I think immediately—well, immediately after the—I would say approximately sometime in 1934 or 1935.

Mr. KENNEDY. Were you elected president or appointed president?

Mr. KLENERT. I was elected by the membership, sir.

Mr. KENNEDY. By the membership?

Mr. KLENERT. Yes.

Mr. KENNEDY. How many were in your union at that time?

Mr. KLENERT. I would say about six or seven hundred members.

Mr. KENNEDY. And how long did you remain president of that union?

Mr. KLENERT. About a year.

Mr. KENNEDY. Did you move on to another position, a new position, then? What I would like to do is just to get your history in the union, briefly.

Mr. KLENERT. I am trying to recollect some continuity, some good approximation on dates.

I think in 1937 I was elected secretary and treasurer of the Greater New York joint board of the textile workers organizing committee.

Mr. KENNEDY. Of the what?

Mr. KLENERT. The textile workers organizing committee.

Mr. KENNEDY. You became a member of that? A secretary?

Mr. KLENERT. I was elected secretary and treasurer of the Greater New York joint board of the textile workers organizing committee.

Mr. KENNEDY. And then how long did you remain in that position?

Mr. KLENERT. Until 1938 or 1939. I believe that is a good guess.

Mr. KENNEDY. Did you have another official position?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. What was that?

Mr. KLENERT. I was elected to the vice presidency of the Greater New York joint board of the textile workers organizing committee.

Mr. KENNEDY. And then what position did you have?

Mr. KLENERT. I think, in about 1940, 1940 or 1941, somewhere around that time, I became international organizer for the United Textile Workers of America.

Mr. KENNEDY. Was that an appointed position?

Mr. KLENERT. That was an appointed position by the international president.

Mr. KENNEDY. And you remained how long as that?

Mr. KLENERT. About a year.

Mr. KENNEDY. Then what did you do?

Mr. KLENERT. I believe in the latter part of 1941 or the beginning of 1942, the international convention of the United Textile Workers of America elected me as an international vice president.

Mr. KENNEDY. And you remained as vice president until what date?

Mr. KLENERT. The reason why I think it was in 1944 or 1946 was because the conventions were held on the even year, biannually, so it could have been 1944 or 1946.

Mr. KENNEDY. Was it during the war or after the war?

Mr. KLENERT. When was the official date of the end of the war?

Mr. KENNEDY. 1945.

Mr. KLENERT. 1945 was the official ending of the war? I think it probably was in the 1944 convention.

Mr. KENNEDY. So what position, then, did you take after that?

Mr. KLENERT. I was elected in 1944, most likely, to the international secretary-treasurership.

Mr. KENNEDY. And you have held that position up until this time?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And you still hold it; do you not?

Mr. KLENERT. Yes, sir.

Senator GOLDWATER. When you joined the union I think you said it was in 1933—

Mr. KLENERT. Yes, sir; I believe that to be correct.

Senator GOLDWATER. Where were you working at that time?

Mr. KLENERT. I worked as a textile worker in a dyehouse, a yarn dyehouse, sir.

Senator GOLDWATER. In New York?

Mr. KLENERT. In the New York area; yes, sir.

Senator GOLDWATER. How long had you been in that craft?

Mr. KLENERT. I went to work, I believe, around the time of the big crash, which was in 1929. I would say then I had been working about 4 years in the textile industry, approximately 4 years, at that time.

Senator GOLDWATER. Thank you very much.

Mr. KLENERT. All right, sir.

Mr. KENNEDY. You still hold that position?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Could you tell us a little bit about the structure of the union as far as the executive board? Is there an executive board?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. How many members are on the executive board?

Mr. KLENERT. There are 22 members of the executive board, comprised of the international president, and my own office, 20 interna-

tional vice presidents elected from various geographical areas spelled out within the constitution, and 3 international trustees.

Actually, the board comprises 22 people who are elected on the floor of the convention, and 3 international trustees who are elected on the floor of the convention. That is the top structure.

Mr. KENNEDY. How often is your convention?

Mr. KLENERT. We have held conventions biennially.

Mr. KENNEDY. Once every 2 years?

Mr. KLENERT. Yes. We have had—that was the arrangement; yes, sir.

Mr. KENNEDY. Is that still the arrangement?

Mr. KLENERT. At the last convention, the convention voted to have 4 year conventions.

Mr. KENNEDY. Did you suggest that?

Mr. KLENERT. I supported it, advocated it, believed it to be a good idea.

Senator MUNDT. May I interrupt just a minute? Does that mean the terms of office have been 2 year terms and now they are 4 year terms? Would that follow?

Mr. KLENERT. Yes, sir; it would follow. The constitution, I believe, was amended in both respects. The convention period was lengthened, and the tenure of office was lengthened.

Senator MUNDT. So all 25 of these board members, 22 who were elected, and the vice presidents, president and secretary-treasurer, as in your case, and the 3 trustees, henceforth will be elected for 4 years instead of 2; is that right?

Mr. KLENERT. Under the operating constitution, that is correct. It is in operation now; yes, sir.

Mr. KENNEDY. How is their salaries fixed, the members of the board? Who fixes their salaries.

Mr. KLENERT. The salaries of the international vice presidents, under the constitution, are determined by the international president, and the international president's action, of course, are subject to approval by the international executive board.

Mr. KENNEDY. Is that mandatory, that he has to get approval from the board?

Mr. KLENERT. I believe it has been the practice in the hiring of anyone, or the retention of anyone, the paying of any individual, he reports on it as part of his officer's report, and under new business or under report of officers his report is approved or disapproved.

Mr. KENNEDY. But, specifically, he does not have to get approval to determine the salaries of the various members of the executive board?

Mr. KLENERT. As a matter of practice, he does. The executive board could overrule—I am not a constitutional lawyer, but in my opinion the international executive board could overrule the president, and either increase the wage or decrease the wage, or discharge the individual in question, or hire some other individual in question, despite the international president. That is my opinion of the function.

Mr. KENNEDY. Does the international president also make the determination as to the expenses of the members of the executive board?

Mr. KLENERT. He initiates it, and this, too, is subject to approval.

Mr. KENNEDY. He determines the salary and the expenses of the

executive board, and then he submits this ultimately to the executive board for their approval?

Mr. KLENERT. As part of his report.

Mr. KENNEDY. As part of his report to them?

Mr. KLENERT. Yes. As a matter of practicality, Mr. Kennedy, it actually works, if you will bear with me I will give you the detail on a matter of practice the man in charge of the region will call up, or at that, like this. We have men in charge of the various regions, and as a matter of practice the man in charge of the region will call up, or at the board meeting, or communicate with the president, or make a suggestion to me and I, in turn, will relay it, and have a general suggestion, and suggest "I think we should hire Tom Brown," and I will use that name illustratively, "I think we should hire him, and I think we should pay him \$75 a week, and I think we should give him so much allowance for his car and so much allowance for any other item."

He makes that recommendation for a particular area, and the president formally makes the appointment.

But I daresay there are many men on who actually are on by virtue of the suggestion of other people, and a formalized appointment by the president.

Mr. KENNEDY. What about the salary of the president? Who determines that?

Mr. KLENERT. The constitution, as prescribed in the constitution, by convention action.

Mr. KENNEDY. And also for his expenses?

Mr. KLENERT. No. His expenses are established administratively the same as anyone else's.

Mr. KENNEDY. That would mean by the president?

Mr. KLENERT. He establishes that the same as he does for anybody else; yes, sir.

Mr. KENNEDY. What about on his daily expenses, his hotel bills, hotel bills or expenses of any international vice president? Who passes on those?

Mr. KLENERT. I do.

Mr. KENNEDY. The president?

Mr. KENNEDY. The president does. We both do.

Mr. KENNEDY. Who passes on the bills and expenses of you and the president?

Mr. KLENERT. The international board and the committee on officers reports, the auditors, and—

Mr. KENNEDY. When you have a hotel bill or any expenses such as that, who determines whether they are to be paid?

Mr. KLENERT. I see. I pass on all those types of bills.

Mr. KENNEDY. And you pass on your own, do you?

Mr. KLENERT. Yes; I do.

Mr. KENNEDY. We were specifically interested—you were here yesterday—regarding these homes that were purchased.

Mr. KLENERT. You seemed to be.

Mr. KENNEDY. I wonder if you could perhaps throw a little light on the transaction. First on the question of the \$1,000 downpayment that was made on the homes by you, I think we have the check for Mr. Valente, and I think since Mr. Calabrese testified yesterday he has

had some discussions with Mr. McInerney. We would like to get, if we could, the explanation for that \$1,000 check that was made as a downpayment on your home.

Mr. KLENERT. Yes. I brought it to Mr. Mc's attention. I didn't think Mr. Calabrese was telling an untruth, but I thought he had arrived at an erroneous conclusion.

I brought to Mr. McInerney's attention that I had some recollection that it wasn't a union check. I seem to get that implication, at least, from Mr. Calabrese's testimony. I may be wrong, but I got that impression, that that is what he was implying.

I advised Mr. McInerney that I recall borrowing, taking a loan, from our organization in that amount. I recall, I think, to the best of my recollection, I deposited it and gave Mr. Nolan a personal check. And, incidentally, with an individual contract on that. There was something of a straw and something here yesterday which is not quite as I recall it.

Mr. McINERNEY. Mr. Chairman, are these men taking pictures, Your Honor?

The CHAIRMAN. Are you speaking—are you taking pictures?

Did you apply your request to them, too?

Mr. McINERNEY. I certainly did.

The CHAIRMAN. Unless they specify, I did not know. They usually are referring to these men here snapping pictures while they are trying to testify.

Mr. McINERNEY. This gentleman just took one here.

The CHAIRMAN. Gentlemen, the request of the witness and his counsel is going to be respected. The films that you have taken from the time the Chair gave the order will not be used.

Proceed.

Mr. McINERNEY. Excuse me.

Mr. KENNEDY. Then you got this \$1,000 loan from the union, is that right, and you deposited it in your own bank account?

Mr. McINERNEY. Yes, sir. I recollect that.

Mr. KENNEDY. You do remember that?

Mr. McINERNEY. Yes, sir.

The CHAIRMAN. I may say to counsel, if I may interrupt, we do not let counsel or the witness determine about whether they may take our picture or not.

Senator MUNDT. Mr. Klenert, you said, if I understood you correctly, that you remembered borrowing the money from the union and depositing it in the bank and issuing a personal check.

Mr. KLENERT. Yes, sir.

Senator MUNDT. It would be helpful to the committee, verifying what you have told us, if you could tell us the bank in which you deposited the money and on which you drew the check, so that we can check the record and verify your memory, if your memory is right.

Mr. KLENERT. Yes, sir. Well, last night, we tried to see exactly and learn as much as we could. In my informal chats or talks with Mr. Calabrese, this subject was never raised and, therefore, I never delved into it before or explored any facets of this nature.

Senator MUNDT. Can you just tell us the bank?

Mr. KLENERT. I went to the union records and I found a date which I believe was April—a loan made to me in the ledger, which we

turned over to the investigators this morning. I had assumed they had it before this. It is in there. It is April 1, a loan to me.

Then we found some photostats of my bank statement which shows a deposit of a like amount a few days following April 1. We found on the same ledger book that I had repaid the organization this loan on May 1 or 2. That is in the records of the organization. But there was a credit, I think, in between that to my personal bank account, and a debit in my bank account of \$1,000 dated April 11.

I think I am quite certain about these dates, because I just looked at them last night and this morning with Mr. McInerney, and we tried to apprise the investigators of this fact and tried to straighten it out.

Senator MUNDT. You do not have the check?

Mr. KLENERT. No, I do not, sir. If I had had the check, they would have had it by now.

Senator GOLDWATER. You say you borrowed this money from the union funds?

Mr. KLENERT. Yes, sir.

Senator GOLDWATER. What authority did you have to borrow it?

Mr. KLENERT. The authority to receive loans and advances has been in effect throughout all the years, by practice, in our organization, I think even as recent as—I am sure that there are some in our minutes, authorizations along those lines, Senator, which outline the authority by the executive council.

Senator GOLDWATER. There is nothing in your constitution and by-laws which allows you to do this.

Mr. KLENERT. The constitution and bylaws do not contain it. I believe the international executive council meetings do contain it, which is the highest governing body between conventions.

Senator GOLDWATER. Do you mean that the executive council can authorize you or any other official to borrow money at your will in any amounts?

Mr. KLENERT. The executive council has authorized that, has given that authority, yes, sir. Exactly where it is in the minutes, offhand I don't recall, but I am sure that at meetings of the international executive council such authority was given.

Senator GOLDWATER. You have been secretary-treasurer of this organization since 1944. After all of that experience, do you think that this is a wise system? Do you think it is right, in your responsibilities and the responsibilities of the other officers, to the membership, to be able to borrow money from this fund?

Mr. KLENERT. I would only deem it unwise if the loan wasn't paid back. Then I would think it was very bad.

Senator GOLDWATER. That is Mr. Beck's philosophy, too.

What I am getting at in this question is probably not related directly to what the chief counsel is getting at, but in the recommendations we are going to have to make will be some recommendations along the lines of proper union constitutions. It seems to me that if I were a member of this union I would insist on such a provision being under the duties of the international secretary-treasurer. That is, a stipulation that you cannot borrow money for any purposes at all.

Would you feel better as treasurer if you had that stipulation written in your constitution?

Mr. KLENERT. Frankly, sir, my offhand reaction is that I think the point you raise is well taken, and, in fact, some of the executive council members, since the creation of the new code of the AFL-CIO, have taken the position that we should reexamine our constitution and reexamine our practices, and take some affirmative actions where we are not in line with any particular suggestion that does exist in the new code. There is a meeting of our organization very soon. I know that the point you raise is part of our anticipated discussion, so that certain practices which have been frowned upon will be eliminated.

Senator GOLDWATER. I am glad to hear that, and I hope that you go before that body and insist that there be written into your constitution a provision that would prevent any borrowing for any purpose at all, by either officers or members of your union. I think your membership would appreciate that.

Mr. KLENERT. Well, as I told you, sir, we anticipate there will be a resolution forthcoming with respect to that and related matters. Of course, I will not presume to say what the outcome, the vote, will be, but I know that many members of the board have already advocated and suggested that we effectuate something like that.

Senator GOLDWATER. That is all I have, Mr. Chairman.

Mr. KENNEDY. Mr. Klenert, the records show a \$1,000 deposit in your bank account on the 3d of April.

Mr. KLENERT. It does.

Mr. KENNEDY. And then it shows that the payments to Beitzell were cleared—two \$1,000 checks of yours and Mr. Valente—were deposited on April 7, 1952, and then that check cleared Mr. Valente's bank account on April 8, 1952. On the same date, there is a check of \$1,000 that cleared the Textile Workers Union, \$1,000 at the City Bank.

Mr. KLENERT. Not in my account, sir, you mean—

Mr. KENNEDY. That is the point. Nothing cleared your account until April 11, 1952.

Mr. KLENERT. All I can tell you, Mr. Kennedy, is that yesterday I noticed with great interest this lady that was here, Miss Callaghan. I never laid eyes on her. I never spoke to her in my whole life. She mentioned that it was two personal checks, and I think her recollection is sound. I believe it to be sound.

Mr. KENNEDY. The deposit slip says it is the City Bank and there isn't any clearance in your bank account on the following day as there is in Mr. Valente's.

Mr. KLENERT. I remember that being brought out, and I am in a quandry about it.

Mr. KENNEDY. So are we.

Mr. KLENERT. Yes. I am inclined to believe that my recollection is the same as Miss Callaghan's, that they were personal checks. There have been errors made, I know, in the banks, that sometimes there has been an error made between my account and the organization's account. It might well be that my account should have been debited rather than that account. That could happen.

I recall being credited and then debited later by mistake, and the reverse happening, too.

Mr. KENNEDY. If that happened there, somebody is out \$1,000.

Mr. KLENERT. No, because the debit of \$1,000 does appear on my account April 11. But Mr. Calabrese made a point of cutting me off

at the 10th, even though he must have known that there was a debit of \$1,000 on the 11th.

The CHAIRMAN. The Chair would like to read something into the record.

Has this document been testified to, this copy of the minutes?

Well, I will wait awhile.

Will you be sworn, sir?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HENIG. I do.

TESTIMONY OF MORTON E. HENIG

The CHAIRMAN. State your name, place of residence, and business or occupation.

Mr. HENIG. My name is Morton Henig. My residence is Silver Spring, Md. I am an investigator for this committee.

The CHAIRMAN. The Chair hands you a typewritten document containing several pages, which purports to be the minutes of a meeting, international executive council, United Textile Workers of America, Blue Room, Hotel Hamilton, Washington, D. C., April 25 and 26, 1946. I will ask you to examine this document and state if you recognize it, and, if so, where you obtained it.

(Document handed to witness.)

Mr. HENIG. This is a copy of the minutes of the executive council meeting given to us by Mr. Klenert, or Mr. McInerney, his lawyer.

The CHAIRMAN. It was obtained, then, from the union?

Mr. HENIG. Yes, sir.

The CHAIRMAN. And represented to you as being the minutes of the meeting on those dates?

Mr. HENIG. Yes, sir.

The CHAIRMAN. This document will be made exhibit No. 25, for reference.

(The document referred to was marked "Exhibit 25," for reference and may be found in the files of the select committee.)

TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL, JAMES M. McINERNEY—Resumed

The CHAIRMAN. The Chair would like to read into the record the concluding action, the last action taken, on the morning of April 25, 1946, as recorded in the minutes of this meeting. [Reading:]

After this discussion, Vice President Schaufenbil—
is that his name?

Mr. KLENERT. Perhaps it is Schaufenbil.

The CHAIRMAN (reading):

Schaufenbil moved that the international union continue its policy to make such advances or loans to staff members, employees, and officers as the occasion might arise, and authorize the international secretary-treasurer to make reasonable arrangements for repayment according to his best judgment.

Vice President Sgambato seconded the motion, and it was unanimously passed.

The council adjourned at 1 o'clock.

I think it is important in the study this committee is making to let this record show, and develop in the course of this record in these hearings, what might be termed the loose practices by union officials, executives, officers of unions, in the handling of the dues of the members.

It seems to me that that particular provision, to the chairman at least, is very loose, quite irregular, and affords, if it does not even invite, the misuse or misappropriation of union dues, and, certainly, permits loans to be made without security or without proper requirements for security or that they will be repaid.

(At this point, Senator Kennedy entered the hearing room.)

Senator MUNDT. Did I understand, Mr. Klenert, that you said that, at an upcoming meeting of the council, they are considering rescinding that privilege to the officers of the union and to the executive board members?

Mr. KLENERT. What I think I said, or what I meant to say, sir, was that perhaps you are aware that, of recent months, various codes of practice have been developed. I think they are called the ethical practices codes. What I tried to tell the Honorable Senator Goldwater was that at this board meeting—was that prior to this forthcoming board meeting, members of the board, in conversation with me, have suggested that we go over those existing codes now, which are relatively new, and take some affirmative action to emulate or come into accord with the suggestions as contained in that code or codes.

Senator MUNDT. Would you care to tell the committee what you think about the wisdom of those recommendations?

Mr. KLENERT. I have read the codes. I must confess I have not studied them very intensively.

Senator MUNDT. I am thinking about this particular matter of the loans, not the whole code.

Mr. KLENERT. I have read the codes, and I have found nothing in them objectionable. I certainly would not object to a resolution which would come before the board, or a motion made by any board member, where he might point out some practice in violation of the existing code and ask us to eliminate that practice and conform to the code.

Senator MUNDT. Does the code frown upon this practice of internal loans? I am not familiar with it. I gather, from what you say, that it does.

Mr. KLENERT. As I told you, I did not read them very intensively. I think it is the last code—I think there are 5 or 6 or 7 of them that have come forth—I think it is the last code, and I may be wrong, but I think it is the last one which has discussed and raised this question of loans and advances. That, along with the other sections of the code, will all be discussed and acted upon by the next meeting of our board.

Senator MUNDT. May I say that I hope the code does contain that, and I hope that your union executive council does approve it by unanimous action. I share with Senator Goldwater the feeling that John C. Textile Worker, along with John C. Teamster, has at least the potential peril to his funds if this kind of practice continues; because it is a loose fiscal practice, no matter how honorably it may be initiated.

It sets up the conceivable situation whereby loans are not going to be collectible, whereby a group of men, each passing on each other's loans, are inclined to be a little bit more lax, certainly, than a board

of directors of a bank would be in making a loan. What I am interested in, and what you should be interested in, and I assume you are, is protecting the money which the union members have paid into the union funds, and not to have it frittered away.

Mr. KLENERT. I imagine that, in the issuance of loans by credit unions or employers or any other type of organization, there might be sorry experiences. I imagine any loan that is not repaid is a sorry experience.

Senator MUNDT. I do not know of any other financial institution, however, except a union, that loans money to its members without interest. This says that the board of directors wants to continue the practice of making these loans, as I interpret it, without interest. Is that correct?

Mr. KLENERT. To the best of my knowledge, we have never charged interest for any loan or grant given or loaned to somebody.

Senator MUNDT. Do you know of any other financial institution that loans money just on that basis, without interest, a credit union or these other ones that you mentioned, especially a trustee fund?

Mr. KLENERT. I am not very familiar with any of those. To my knowledge, I would have to say "no, I do not." I am not familiar with any.

Senator MUNDT. So far as your knowledge goes, you do not know of any?

Mr. KLENERT. As far as my knowledge goes, I do not know of any.

Senator CURTIS. Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Were the rank-and-file members of your union ever notified, or given a copy of that resolution that was passed back there in 1946 authorizing loans and advances?

Mr. KLENERT. Actually, the local unions as well, in our organization, the local unions which comprise the rank and file, sir, were given financial help and assistance on an interest-free, noncollateral basis, and have repaid it, and in some cases still owe the international union. The request for loans from a local union, of course, stems from an action taken by the local body and then handed—

Senator CURTIS. That is not what I asked. I asked if you ever notified the membership that you passed a resolution in international headquarters that you people in the headquarters could borrow their money.

Mr. KLENERT. Whether or not any international official went specifically to a local union and mentioned that fact?

Senator CURTIS. No. If you notified them, all of them, through bulletins or otherwise, that you had passed a resolution that you could borrow their money.

Mr. KLENERT. I see. Direct notification came as a result of reports at conventions to delegates representing those local unions and the membership, who, I presume, reported back on the conventions and on the action of the executive board and officers.

Senator CURTIS. What information would they get?

Mr. KLENERT. They would get the information of officers reports and they could get a committee report on the executive council meetings.

Senator CURTIS. Those are summary reports, are they not? They do not contain every transaction?

Mr. KLENERT. I beg your pardon. What kind?

Senator CURTIS. Those reports are summary in nature, and do not contain every transaction, every check, every item received, do they?

Mr. KLENERT. They are abbreviated reports. I do not believe they contain—that type of report would not contain it; no. The financial report would.

Senator CURTIS. This money belongs to the workers who belong to your union; does it not? It is their money, is it not?

Mr. KLENERT. The money comes——

Senator CURTIS. All the money you have in your treasury of any sort comes from the workers, does it not?

Mr. KLENERT. It comes from the dues of the workers, yes, sir.

Senator MUNDT. In that connection, if the Senator will yield, I would like to read again this paragraph that the chairman read. It says:

After this discussion, Schaufenbil moved that the international union continue its policy—

which incidentally, verifies what you testified to earlier—

continue its policy to make such advances or loans to staff members, employees, and officers, as the occasion might arise.

I take it that this select circle of individuals entitled to interest-free loans without collateral did not include loans to the union members who actually paid the dues to create the fund. Am I right about that? I do not see them mentioned.

Mr. KLENERT. No individual member has ever requested a loan from the international union for any reason that I know of.

Senator MUNDT. I see nothing here to indicate that any individual dues-paying member had any right to make such request, because I do not see him starred as a preferential customer.

He would not be a staff member, or an employee, or an officer. I simply point out to emphasize my interest in protecting the dues-paying member, that here is a practice which I hope, and which you lead us to believe, is going to be discontinued as part of the new ethical practices code of organized labor, here is a practice of granting these preferential loans to people who did not create the funds, but denies the practice to the fellow who pays the dues creating the fund.

Mr. KLENERT. Well, sir, I do not want to get into any contention with you. It occurs to me——

Senator MUNDT. If it is true, let us get it ventilated today. Let us get the word out to all the textile union workers that all they have to do is come to your union office and say, "Look, pal, I want to buy an automobile. How about a loan of \$2,000, interest-free? Can I get it?"

If that is true, tell the world that. If it is not true, let us show the world that they have been cut off at the grass roots. Which is true? I do not want a contention, just a clarification.

Mr. KLENERT. Perhaps I will say this to you, Senator. All the money of the United States, all the money that we collect in taxes, that comes from the people, too.

Senator MUNDT. That is right.

Mr. KLENERT. When the Congress——

Senator MUNDT. It cannot be loaned to any Member of the Senate without interest, I assure you of that, or any Member of the other body.

Mr. McInerney could not get any when he was doing work very commendably for the Government in a previous time.

Mr. KLENERT. We say all the money comes from the people. The House of Representatives, for example, appropriates \$10,000 a year to the Speaker of the House, which is paid in equal monthly installments, for which no accounting is required.

I don't believe a law was passed giving every citizen of the United States \$10,000 a year without an accounting. The money belonged to the people and was appropriated.

Senator MUNDT. You are getting your eye off the target.

Mr. KLENERT. It is a question of practice.

Senator MUNDT. Wait a minute now. I am not criticizing for the time being, the expense allowance which you say you have been voted, \$20 per diem.

I am criticizing a select pattern of preference which grants to the union high command rights to borrow money without interest and without collateral from a fund created by the dues-paying members, rights which are summarily denied to members who create the funds.

Is that or is that not the situation? If it is not, let us tell John C. Textile Worker, through the wires of the press services today, that they have been missing out on a mighty good bet; that all they have to do is come to you and they can get a loan without collateral and without interest.

Which is true? Do only the officers get this plush treatment, or do all of them do it?

Mr. KLENERT. The motion speaks for itself there. It does not authorize me to give loans to any member. I think that if I was asked for a loan from a worker, I think I would arrange to give it to him. Yes, I think I honestly would, sir.

Senator MUNDT. Then we can now announce to the secretary-treasurer of the international union, if he is asked for a loan by any textile worker, will grant it to him?

That will be good news in a lot of households if they hear it on the radio tonight.

Mr. KLENERT. I have not granted every loan that has been asked of me by members of the staff or officers or office employees. I have not granted all of them, sir.

Senator CURTIS. Have you ever turned down any of your own?

Mr. KLENERT. No, sir.

Senator MUNDT. You want the record to read then, so the textile worker will know, that he will be treated exactly the same in granting these loans as any officer or any staff member in international headquarters, is that right? You are amending your minutes, but that is all right with me.

You kind of have a monolithic situation here, in union administration.

Mr. KLENERT. What is the date of those minutes?

Senator MUNDT. 1946. I believe it is April 25. It was in the morning, and the council adjourned at 1 o'clock. Does that help you answer the question?

Mr. KLENERT. I certainly could not amend the minutes there or any other minutes.

Senator MUNDT. You are amending them because you are telling me that you are going to grant these loans to all textile workers. I

certainly commend your amendment because I see no reason why the fellow who pays the dues should not get as much treatment as the fellow who makes his living out of the dues.

Mr. KLENERT. Would you say, then, that the Congress should pass a law giving any citizen who wanted it, the fund which I mention which is given to the——

Senator MUNDT. No, sir. I should say Congress should pass a law denying this plush treatment that the union leaders have been engaging in to the detriment of the dues-paying members.

That is a law I think we should pass. Would you agree with me? I have told you what I think. What do you think? Do you agree with me?

Mr. KLENERT. I think I would like to discuss it with my board, and whatever the majority of the board decides will be good enough for me, Senator.

Senator MUNDT. Would you be good enough to tell this committee what your board decides on that question?

Mr. KLENERT. I will be happy to live with any decision that the board makes on that question or any other question.

Senator MUNDT. Would you advise this committee of how the board reacts to that suggestion?

Mr. KLENERT. I will be very glad to.

Senator GOLDWATER. Mr. Chairman, to finish that point up, I have a question.

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. First, while you are attending this next meeting at which it will be possible to offer these resolutions, I would like to suggest to you that you also consider the possibility, in fact the advisability, of including in the duties of the secretary-treasurer the responsibility of making an annual report to the membership.

Your constitution today only says that you are responsible for these moneys, and that you shall report their condition to the executive council. The executive council has absolutely no responsibilities to report it any further.

I think in fairness to your membership you should, as secretary-treasurer, suggest this resolution: That among your duties will be the specific one of reporting annually to the full membership, through your house organ, or however you care to do it, the state of your finances.

I would like to just ask you one question. You expressed an interest in the suggestions that have been made here that these several things be done. Are you willing to make those motions in the next meeting?

Mr. KLENERT. With respect to the codes?

Senator GOLDWATER. To bring your constitution in line with good, fiscal practices.

Mr. KLENERT. Yes, I am in complete accord with any fiscal practice which will serve the good purpose for our union.

Senator GOLDWATER. Serve your members?

Mr. KLENERT. When I say the union, I mean the members, Senator Goldwater. I don't differentiate between the two.

Senator GOLDWATER. Do I understand you will make such motions to, 1, prevent the loaning of dues money to officers or anybody else in the union, and, 2, a provision in the responsibilities of the secretary-treasurer of reporting annually to the entire membership?

Will you make those two motions before your next meeting?

Mr. KLENERT. I think the only honest answer that I could give you is that I believe motions of that nature will be forthcoming.

Senator GOLDWATER. I just wanted to make sure. If you said, yes, we could all rest easily and John Weaver or John Textile Worker can go to sleep tonight and know that his moneys are going to be protected in the future because of your actions.

Mr. KLENERT. Without seeing any resolution or motion and specific language, I would say to you that fundamentally, I am not in disagreement with what you have outlined, and that if a motion comes to the floor of our international executive council meeting, I certainly off-hand can see no objection to it.

Senator GOLDWATER. I was hoping that you would be the one, with your experience——

Mr. KLENERT. It may well be that after the question of language and everything else and general discussion is held, I might become an ardent advocate of it. I do not want to prejudge it or make any definite, binding commitment to you here today and then come back to you, perhaps, at a later date and you say, "Well, did you do that?"

Senator GOLDWATER. You see, Mr. Klenert, you are the logical one. You have had 11 years' experience as secretary-treasurer of this union. During that course of time, you should have been able to find the weaknesses of that part of your constitution that bears on your responsibilities.

I am not going to press the point. I do not want you to commit yourself here if you do not want to. But it seems to me that you are the logical one to stand up before your next meeting and say, "Mr. Chairman, I have two motions to make," and then make them.

Senator IVES. Mr. Klenert, when did you have your last convention of your international?

Mr. KLENERT. In September or October of 1956.

Senator IVES. 1956? That was last year. When do you have your next one?

Mr. KLENERT. The next one, in accordance with the constitution would be held in 1960.

Senator IVES. You have them every 4 years, is that it?

Mr. KLENERT. That is the practice as of now, sir. Prior to this is was biannual.

Senator IVES. It is a question of constitutional requirement, is it not? Is that not what the constitution provides?

Mr. KLENERT. Now, it is 4 years. Previously it had required a 2-year period, sir.

Senator IVES. What we have been talking about here apparently, is something which should be in your constitution. I mean these recommendations that have been made by Senator Goldwater and others ought to be a part of your constitution.

How is your executive board created? Is that elected or appointed?

Mr. KLENERT. The executive board is elected on the floor of the convention and I believe the constitution provides a designation of various geographical areas so that all the segments have proper representation.

Senator IVES. In other words, the people who are representing the unions, the locals in those sections, make recommendations and then

they are elected, are they, to the executive board? Is that the way you handle it?

Mr. KLENERT. The delegates at the convention, who are elected by the rank-and-file members of the local unions, come to the convention and nominate and elect these men.

Senator IVES. For how long a period are they elected? Four years?

Mr. KLENERT. For the same time as between conventions.

Senator IVES. And you are elected for 4 years?

Mr. KLENERT. In the same manner, sir; yes, sir.

Senator IVES. Then is there any provision in your constitution—I have not looked at it—for calling a special convention?

Mr. KLENERT. I believe there is.

Senator IVES. Under what circumstances?

Mr. KLENERT. If I could have a copy of the constitution, I would find it real fast for you.

(A document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. Senator Ives, on page 16, article X, the heading, "Conventions," if you want me to, I shall read for you.

Senator IVES. I wish you would because I would like to know how you can call a special convention.

Mr. KLENERT. Section 1:

The United Textile Workers of America shall hold a regular constitutional convention once every four years on the even year. It shall require 19 legal, bona fide delegates from at least the nine local unions to hold such a convention.

Senator IVES. May I interrupt you there?

Mr. KLENERT. Yes, sir.

Senator IVES. How large a membership has your international?

Mr. KLENERT. The international union represents under collective bargaining agreements for approximately close to 100,000 workers, but on a dues-paying basis, only has about 50,000 paying dues.

Senator IVES. How large a delegation do you have at your conventions?

Mr. KLENERT. I would say roughly, I think, 400. That would be a good round number.

Senator IVES. Four hundred out of the 50,000, representing the country geographically, is that it?

Mr. KLENERT. Each local represents so many delegates in accordance with their membership. I think 1 for the first 200, and some sort of proportional representation.

(At this point, Senator Goldwater withdrew from the hearing room.)

Senator IVES. That requirement there calls for 19, does it?

Mr. KLENERT. I imagine it is a quorum requirement, that is, 19 legal, bona fide delegates from at least the 19 local unions must be in attendance to hold such a convention.

Senator IVES. You have never had anything with as small a delegation as that, have you? You have had larger conventions than that, have you not?

Mr. KLENERT. This is, I imagine, some sort of quorum control or requirement.

Senator IVES. I am trying to find out how you can call a special convention.

Mr. KLENERT. Here is section 3:

The basis of representation for all local unions shall be one delegate for the first 200 members and an additional delegate for each additional 200 members.

That is the way it works.

With respect to the other question, section 2:

In the event of any circumstances arising, whereby it is deemed to be for the best interests of the International Union, the executive council shall have the power to call a special convention and should one-third of the unions affiliated with this organization make a request for a special convention, and the executive council should not grant the same, they shall have the power to petition the president for a special convention and he shall instruct the secretary to issue a circular to all local unions stating the request, and asking them to vote on same.

In the event of two-thirds of the local unions voting in favor, the president shall instruct the secretary to call a special convention immediately.

That concludes it, sir.

Senator IVES. That being the situation—I would like to have that back. It belongs to the committee.

(A document was handed to the committee.)

Senator IVES. In the light of what has been said by Senator Goldwater and others, do you not think that you ought to call a special convention to add this language that has been suggested to your constitution? It ought to be in the constitution.

You do not have any business to be doing what you have been doing and you know it. You have no business to have had such practices as you have been engaged in as an official of your union, and you know it.

I do not suppose you can call a convention in a few months time. I realize the problem of calling a convention. But surely you ought to call a convention not later than next year and have this constitution of yours straightened out so that you cannot indulge in the kind of practices in which you have been indulging.

You know that just as well as I do. I am asking you, will you think that over? I know you cannot call it, but will you think it over?

Mr. KLENERT. I will answer you by saying this, Senator, that if the council outlines and instructs me to follow certain procedures in line with your suggestions here today, and Senator Goldwater's suggestions today, if those are forthcoming from the council, the international executive council, which is the highest governing body, I would not say to them, "I am not going to effectuate these new practices until we have a convention."

I would abide by their decision immediately and effectuate them.

Senator IVES. The council is not here to hear what we have been saying today. The chances are that some of them will never see this record that is being made today.

Will you, yourself, recommend such action to the council?

Mr. KLENERT. I have already told you I do not want to make any quick answer and wild promises or any commitments that I am not able to live with, but I have already mentioned to Senator Goldwater that some members of the executive council have said that we should go over our practices and our procedures and wherever they need improvement or tightening up, if they do, it should be done.

If the board or executive council, the highest authority of the union, outlines certain procedures, I would institute them immediately. I would not wait for a convention.

Senator IVES. All right. Are you going to recommend them? Senator Goldwater asked that and you ducked him. Are you going to duck me, too, on the question?

Mr. KLENERT. I am not trying to duck or be evasive.

Senator IVES. Be frank.

Mr. KLENERT. I am. I said that fundamentally, I am in accord, and until we actually have the motion and the language before me, and we have had discussion by the council, I cannot make a firm commitment for or against.

But I say to you in all honesty that fundamentally, I see nothing to which I would object and, therefore, would support.

Senator IVES. Just a minute, now. You do not have to have everything before the council before you make up your mind what position you are going to take on this.

Mr. KLENERT. No.

Senator IVES. All right. Will you be for it, or will you be against it, or will you be lukewarm and indifferent?

Mr. KLENERT. If I am for it——

Senator IVES. Are you going to be for it? That is what I am asking you.

Mr. KLENERT. You said lukewarm or indifferent. I will be strongly for something or strongly against something, not lukewarm or indifferent.

Senator IVES. Are you going to be for this?

Mr. KLENERT. Specifically what?

Senator IVES. Specifically for the recommendations made by Senator Goldwater.

Mr. KLENERT. To eliminate the interest-free noncollateral loans?

Senator IVES. Exactly, to eliminate the practice of what you have been describing, that you can participate in.

Mr. KLENERT. I will tell you here that I will definitely support a resolution which would eliminate the practice of interest-free, non-collateral loans to anybody on any strata in the organization, yes, sir.

Senator IVES. Further than that, will you carry out the further recommendations of Senator Goldwater, and that is that you cease to indulge altogether in these kinds of practices, making loans to your own members, your officers and anything of that kind?

Mr. KLENERT. I thought I just——

Senator IVES. You said interest-free.

Mr. KLENERT. I see. Do you mean loans regardless of collateral?

Senator IVES. Regardless of collateral, making loans to your officers or anything of the kind.

Mr. KLENERT. Yes, I think I would.

Senator IVES. Do you know or are you just thinking?

Mr. KLENERT. Well, yes.

Senator IVES. Would you or would you not?

Mr. KLENERT. I think I would, yes.

Senator IVES. You think you would?

Mr. KLENERT. Yes.

Senator IVES. All right. That is good.

I will not ask you anything further about your convention because if your council is going to do this thing, you probably do not need a convention.

Mr. KLENERT. If the council does it, we don't need a convention.

Senator IVES. But you are going to work for this, are you?

Mr. KLENERT. As outlined, I will; yes, sir.

(At this point, Senator Kennedy withdrew from the hearing room.)

Senator MUNDT. Does the general dues-paying membership of your textile union know that this financial smorgasbord of noncollateral, interest-free loans is available to you, or does it not know it? Have they been advised?

Mr. KLENERT. Financial smorgasbord?

Senator MUNDT. You can delete that phrase. The practice, let us say. Do they know of this practice?

Mr. KLENERT. That is a new one on me, Senator. I never heard of it.

Senator MUNDT. Forget that, then. You are not a Scandinavian. I can see that.

Mr. KLENERT. I have enjoyed smorgasbord.

Senator MUNDT. That is one of the things that got you before this committee, that you enjoy the smorgasbord practices.

Forget that phrase.

Do the union members that pay the dues know about the practice which we have been discussing here in the last half hour or so, that you people at the top do have available to you noncollateral, interest-free loans?

Mr. KLENERT. We have had to date, yes, sir. We have had that.

Senator MUNDT. What I am getting at is this: Do you publish an international newspaper or weekly?

Mr. KLENERT. Yes, sir.

Senator MUNDT. Has it ever been mentioned to the membership in that, that that is a practice engaged in by the officers?

Mr. KLENERT. Specifically? No, sir. The only thing that has been mentioned has been outstanding loans that have been owed to the international union, in our financial report, all coupled under that heading. No one individual, group, or local union that might have been helped or district council that might have been helped.

Senator MUNDT. You do not anticipate, do you, any great uprising of resentment on the part of the dues-paying members should you decide to discontinue the practice?

Mr. KLENERT. No; I do not, sir.

Senator MUNDT. I do not either.

The CHAIRMAN. Are there any further questions at the moment?

It is obvious that we cannot finish with this witness this afternoon. It is the plan of the Chair, if agreeable to the other members of this committee, to resume hearings in the morning at 10 o'clock, and to continue until such time as we determine we will recess. Then we will recess over until Monday afternoon.

The witness will return tomorrow at 10 o'clock.

The committee stands in recess until that hour.

(Whereupon, at 4:07 p. m., the committee recessed, to reconvene at 10 a. m., Friday, July 19, 1957.)

(Members present at the taking of the recess: Senators McClellan, Ives, Mundt, and Curtis.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JULY 19, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Pat McNamara, Democrat, Michigan; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, Chief clerk.

(Members present at the convening of the session: Senators McClellan and McNamara.)

The CHAIRMAN. The committee will be in order. We will proceed. Mr. Klenert, will you come around, please?

TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL, JAMES H. McINERNEY—Resumed

Mr. KENNEDY. Mr. Klenert, you were interested in April of 1952 in buying a home for yourself?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And Mr. Valente, president of the union, was also interested in buying a home?

Mr. KLENERT. That is correct.

Mr. KENNEDY. You had selected two homes, had you, in Rock Creek Hills, in April of 1952?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Now, the price of those two homes was \$95,000?

Mr. KLENERT. My home was \$52,500, and Mr. Valente's was \$42,500 and the total would be \$95,000.

The CHAIRMAN. Yesterday, I understood, and we granted the request, that you did not want pictures made. Some one of the photographers advised me now that you had withdrawn your objections to it. Please advise the committee whether you do desire that they not be made, so that we will be governed accordingly.

Mr. McINERNEY. I would still like to make the request. I told these gentlemen I would consider it overnight, but I have come to the same conclusion this morning.

The CHAIRMAN. There will be no pictures, gentlemen. Let us proceed.

Mr. KENNEDY. So the two homes, one \$42,500 and the other \$52,500, amounted to \$95,000, is that correct?

Mr. KLENERT. Yes, sir.

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. During early May of 1952, your union borrowed \$95,000, is that correct? The union borrowed \$95,000?

Mr. KLENERT. The union, in effect at that time, I think posted that amount of bonds.

Mr. KENNEDY. But they borrowed \$95,000?

Mr. KLENERT. And borrowed against that amount, yes, sir.

Mr. KENNEDY. From the City Bank?

Mr. KLENERT. That is correct.

Mr. KENNEDY. And that \$95,000 was transferred to Martin J. Quigley of the Mutual Title Co.?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Now, that \$95,000 was to cover the purchase of your two homes, is that right?

Mr. KLENERT. No, sir.

Mr. KENNEDY. It was not?

Mr. KLENERT. No, sir.

Mr. KENNEDY. \$57,000 of that \$95,000 was used for the purchase of your two homes.

Mr. KLENERT. It eventually——

Mr. KENNEDY. If you would just answer the question, and then you can give your explanation.

Mr. KLENERT. Well, I think I had explored this in conversations with your investigators, Mr. Kennedy, and explained to them that this arose——

Mr. KENNEDY. Could you just answer the question? \$57,000 out of \$95,000 was used for the purchase of your two homes.

Mr. KLENERT. In effect, that occurred. Actually, we used that as a lay aside, for the purpose of laying aside, and we used it as a device to lay aside that amount of money in line with authorization and instructions from the executive council of our organization.

Mr. KENNEDY. Originally, of the \$95,000 that you gave to the Mutual Title Co., \$57,000, which was union funds, were used for the purchase of your two homes.

Mr. KLENERT. Were put to use in that manner, yes.

Mr. KENNEDY. Then, ultimately, on May 13, you received another loan from the Liberty National Bank, \$100,000.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. That was on May 13, is that right?

Mr. KLENERT. I am not familiar with the dates.

Mr. KENNEDY. Approximately?

Mr. KLENERT. I would say that I imagine you have the records there and if it bears that date, I think we can assume that that date would be correct.

Mr. KENNEDY. You received that loan on the basis that you were going to use that loan for the purchase of a headquarters for the union?

Mr. KLENERT. If I may, I would like to see those papers, and perhaps I could help to clarify this and give me a better recollection of it.

Mr. KENNEDY. You do not remember that?

Mr. KLENERT. I am very vague on that.

Mr. KENNEDY. We will show you the papers.

(The documents were handed to the witness.)

Mr. KENNEDY. This has already been made an exhibit, Mr. Chairman.

The CHAIRMAN. What exhibits are you presenting to the witness?

Mr. CALABRESE. Exhibits 21, 22 and 23.

The CHAIRMAN. All right. Let the record show those three exhibits being presented to the witness at this time.

(At this point, Senator Goldwater withdrew from the hearing room.)

(Present at this time are Senators McClellan and McNamara.)

The CHAIRMAN. Can we move along?

Mr. KLENERT. I am sorry, sir, I am trying to digest this, and I will be with you in a moment.

(The witness conferred with his counsel.)

Mr. KLENERT. This is very new to me.

The CHAIRMAN. All right.

Mr. KLENERT. Mr. Kennedy, this exhibit 22 I believe was entered into at the time. It is a resolution signed by Mr. Valente, the president of our organization and I am deducing that the reason why he entered into this resolution was because of my absence.

I must have been away from town at the time that this resolution was signed and that is why I am rather vague about it. That is the only explanation I have.

Mr. KENNEDY. Can you answer the question, which is that you borrowed the other \$100,000 ostensibly for the purpose of purchasing a building, a headquarters for the union.

Mr. KLENERT. The exhibit 21 says something similar to that with respect to a building. I do not know whose handwriting that is.

Mr. KENNEDY. I imagine it is the bank's handwriting; is it not?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. What is the answer to the question?

Mr. KLENERT. Well, as I remember it—

Mr. KENNEDY. Doesn't this refresh your recollection as to the purpose of the loan?

Mr. KLENERT. With respect to that, that period of the first few weeks in May, and the immediate week prior to May, there were many things occurring. We had our convention and a board meeting and the CIO fight, and they were coming over and we had our personal problems.

Mr. KENNEDY. I understand that.

Mr. KLENERT. It is very difficult for me to give you what happened on the 4th and the 6th.

Mr. KENNEDY. I am not asking you about that. You have a document there, and it says that in accordance with the resolution passed on October 19, 1946, as I remember it, you were entitled to buy a building, and that this money was being borrowed against that resolution.

Mr. KLENERT. It occurs to me, and I don't know this loaning officer, but it occurs to me that our prime purpose at that time was to convert this money, these bonds into cash because we anticipated that we

were going to need that amount and more, incident to the organizational activities that were developing as a result of this schism in the Textile Workers, CIO.

Mr. KENNEDY. That is entirely different, evidently, than what was told to the bank at that time.

Mr. KLENERT. It might well be that the bank—the bank was given collateral.

Mr. KENNEDY. Mr. Klenert, just try to answer the question.

Mr. KLENERT. I am. I can't give you the thinking of this loaning officer.

Mr. KENNEDY. I am not asking you to give the thinking of the loaning officer; I am asking you to examine that document which says the loan was made, and would you read what the purpose of the loan was?

Mr. KLENERT. It says the loan is marked unsecured, and I think that is inaccurate, and it wasn't. Then, it says, if you want me to read it, I shall, sir, "To be used for the purchase of new quarters, but old building."

Mr. KENNEDY. That is fairly clear, is it not?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Now, turn it over and tell me what is on the other side.

Mr. KLENERT. It is blank, sir.

Mr. KENNEDY. Is there a resolution there, and does it say, "In accordance with the resolution." Is that the other exhibit? What exhibit number is that.

Mr. KLENERT. The resolution, sir, is exhibit 22.

Mr. KENNEDY. What does it say there?

Mr. KLENERT. What does it say?

Mr. KENNEDY. Yes.

Mr. KLENERT. I shall read it.

Mr. KENNEDY. That part of it, or that section that refers to the authority of the union to borrow.

Mr. KLENERT. I will try to pick it out here out of context.

Mr. KENNEDY. I think it would be easier for you.

Mr. KLENERT (reading) :

Resolved, That President Valente is authorized to borrow from time to time on behalf of this organization from any source such sums for such times and upon such terms as may to him seem advisable and to execute notes and renewals thereof, extensions, or agreements in the name of the organization for the repayment of any sums so borrowed.

Then we come to "B," and shall I continue?

Execute with said bank commercial or other business papers belonging to this organization or drawn by or upon third parties without limit as to amount.

C. Give security for any liabilities of this organization to said bank by pledge or assignment or lien upon any personal property, tangible or intangible of this organization; and

D. Execute in such form as may be required by the bank all notes and other evidence of such loans, all instruments of pledge, assignment or lien, and that none of the same shall be valid unless so signed or endorsed.

Mr. KENNEDY. Is there not a resolution in there, a section regarding the October 19, 1946, meeting of the union?

Mr. KLENERT (reading) :

I, Anthony Valente, the undersigned, president of the United Textile Workers of America, AFL, do hereby certify that the following is a true copy of the resolution duly adopted at the regular meeting of the executive council of the said organization duly held in Washington, D. C., on the 19th day of October, 1946.

Mr. KENNEDY. What does that say?

Mr. KLENERT. What I have just read.

Mr. KENNEDY. What does the resolution say, Mr. Klenert? It was passed in October.

Mr. KLENERT. I see. I thought that you wanted to have this first part.

Mr. KENNEDY. No; give it back to me, please.

(The document was handed to the counsel.)

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. Does this resolution together with those notes that were made by the bank, not indicate that the reason for the loan was for the purchase of a building? Is that not quite clear?

Mr. KLENERT. I think not, Mr. Kennedy. I think that that resolution had nothing to do with this loan.

Mr. KENNEDY. Why do you think that the bank official would put down that you wanted to buy a new building or a building for the headquarters which would be in an old residence, or an old building, or whatever it says there?

Mr. KLENERT. I am certain now, we discussed it. I was not in town, and I am certain that this resolution was incident to the raising of other money at that time.

Mr. KENNEDY. Where do you think the bank got this information?

Mr. KLENERT. This particular resolution, you mean?

Mr. KENNEDY. Yes, this information about the building.

Mr. KLENERT. On exhibit 21, you mean?

Mr. KENNEDY. Yes.

Mr. KLENERT. Well, at that time, the United Textile Workers of America was engaged and had even in the winter of 1952 inspected commercial properties.

Mr. KENNEDY. So that is the reason for it. Then, somebody came to the bank and wanted to borrow \$100,000 and they gave their reason to the bank and the bank official wrote that reason down on that document.

Mr. KLENERT. I think that——

Mr. KENNEDY. What does the document say the reason for the loan of \$100,000 was?

Mr. KLENERT. The document signed by the loaning officer whose name I cannot decipher, marks it as "unsecured", and again I repeat, "to be used for", and then his handwriting says, "purchase of new quarters, but old building."

Mr. KENNEDY. Would that not be quite clear that that was the purpose of the loan?

Mr. KLENERT. Actually, there might have been discussions there about our activities at that time, incident to the purchase of a building, but I do not understand this application, which says "unsecured loan," and it was secured, and at that time the organization still was going to buy this building.

Mr. KENNEDY. This building?

Mr. KLENERT. A building.

Mr. KENNEDY. What building?

Mr. KLENERT. We examined——

Mr. KENNEDY. What particular building had you discussed with Mr. Quigley at that time?

Mr. KLENERT. I spoke to your investigators and to try to help you clarify that, and I did tell them about one particular building which required, I think, at least the seller said it required \$110,000 of cash, and we were interested in that.

I recall definitely that we made a physical inspection of that property among several others and we were advised at that time that the title was very unclear and muddy, and that we should not touch it.

At the same time the executive council told us a few days later to abandon the project.

Mr. KENNEDY. We are talking about you putting up money for a particular piece of property.

Mr. KLENERT. Yes.

Mr. KENNEDY. Now, what particular piece of property did you put the money up for?

Mr. KLENERT. There was one building.

Mr. KENNEDY. Don't take me on a trip here.

Mr. KLENERT. I don't recall the particular location of this one particular property.

Mr. KENNEDY. You don't? I am not asking you for that. I am asking you what property you put the money up for.

Mr. KLENERT. For this property that they were asking \$110,000.

Mr. KENNEDY. You put the money up for that property?

Mr. KLENERT. Yes, we had that one in mind.

Mr. KENNEDY. Did you tell anyone?

Mr. KLENERT. Yes.

Mr. KENNEDY. Did you tell Mr. Quigley of the Mutual Title Co.?

Mr. KLENERT. I think that Mr. Quigley—

Mr. KENNEDY. Did you tell Mr. Quigley of the Mutual Title Co.?

Mr. KLENERT. He must have been aware of it in some manner. As a result of discussions or conversations he must have been, because I do recollect that he advised us that it wasn't a good deal because it was all muddy, and not clear.

Mr. KENNEDY. Would you answer the question? Did you tell Mr. Quigley?

Mr. KLENERT. Do I remember specifically telling Mr. Quigley?

Mr. KENNEDY. Yes.

Mr. KLENERT. I don't remember specifically telling Mr. Quigley, no, but I do remember that he advised us against it so he must have known of that.

Mr. KENNEDY. You would not be putting the money up for some property that he advised you against purchasing?

Mr. KLENERT. No, the advice in that respect was given after.

Mr. KENNEDY. After what?

Mr. KLENERT. After the money had been posted.

Mr. KENNEDY. The advice was given after the money was posted?

Mr. KLENERT. The advice was given, and he checked the title.

Mr. KENNEDY. If you never told him what property you had in mind, how did he know what you were posting the money for?

Mr. KLENERT. I said that apparently I must have discussed it in conversations. You asked me if I distinctly remember saying to him directly, and I said "No," but he must have known of it because he advised me following the posting of the money, sir, that we should not touch it, to use a colloquialism, with a 10-foot pole. The title was not clear, and the owner was somebody you shouldn't do business with.

Mr. KENNEDY. Why should you put up money for a building which you cannot identify, and you did not have any clear-cut conversations with Mr. Quigley.

Mr. KLENERT. So that we could——

Mr. KENNEDY. Did you sign any documents concerning the property?

Mr. KLENERT. No, sir.

Mr. KENNEDY. You just put up \$95,000?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Of union funds?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And that just happened to be the same price as the two homes that you and the president were going to buy.

Mr. KLENERT. No; it had nothing to do with the price of our homes. As far as I was concerned, I needed \$51,000 other than the \$100,000, and I believe that your staff, Mr. Kennedy, learned and we discussed it, that prior to taking care of my own home, the City Bank had been asked to take over the existing loan on my home and increase it at my behest, and that I had borrowed insurance money for that purpose, and so, certainly, if I was interested in using this money for the homes, I would not have in April, before this money was ever posted, asked the City Bank to put a higher first trust on the property which eventually I took possession of.

Mr. KENNEDY. Let me ask you if this is true: You borrowed \$95,000 from the bank, and you were interested in buying two pieces of property, you and Mr. Valente, which amounted to, in value, \$95,000, and these were personal loans.

You placed the \$95,000 with the Mutual Title Co.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Within a day or so, the Mutual Title Co. used \$57,000 of that for a downpayment or for the payment of your 2 homes, the equity of your 2 homes, your 2 private homes.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. That was \$57,000 of union funds.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Isn't that correct?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And that it was charged in the books of the union as a building fund, and it was charged to building fund?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And then within 10 days of that, you borrowed another \$100,000 from the Liberty National Bank.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Isn't that correct?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Then you had an exchange of letters with the Mutual Title Co., with Mr. Quigley, of the Mutual Title Co., isn't that right?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And you transferred \$57,000 of the new \$100,000 that you had borrowed, and you transferred that or sent that over to Mr. Quigley, did you not?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And that \$57,000 was then charged to organizational expenses, various organizational expenses?

Mr. KLENERT. Yes.

Mr. KENNEDY. On the union books, as organizational expenses?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Isn't that true so far?

Mr. KLENERT. I am glad that you brought that up, sir.

Mr. KENNEDY. Then you can come back.

Mr. KLENERT. I think that you want to know the fact that Mr. Quigley—I was here when Mr. Quigley testified and I want you to know that our reasons which I know you want to develop, and our intent, which I know you want to develop, were not within Mr. Quigley's knowledge; and Mr. Quigley had no motives or anything wrong, and he merely did these things.

We had been instructed in April by our organization to do it, and we thought this was the proper device and the proper method and procedure to follow, and Quigley just cooperated on our request.

Mr. KENNEDY. Let me get this, so that we get the facts and we can discuss the rest of it.

You gave him the \$57,000 and you charged it to organizational expenses.

Mr. KLENERT. I believe it appeared at that time, yes.

Mr. KENNEDY. So the result, at that same time he returned the \$95,000 to you.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. So the result was that \$95,000 which had been charged to a building fund was returned to you, and \$57,000 which was then charged to organizational expenses, the union lost \$57,000 which was charged on the books to organizational expenses.

Mr. KLENERT. The union lost it, you say?

Mr. KENNEDY. At that time the union was out \$57,000, isn't that right?

Mr. KLENERT. No. At that time, \$57,000 was laid aside as per our instructions in April, by the executive council of our organization.

Mr. KENNEDY. Let me ask you this: Was it laid aside in your two homes?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. It was laid aside in your homes?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. So that the union then laid aside in Mr. Klenert's and Mr. Valente's homes, \$57,000 and charged it to organizational expenses, is that right?

Mr. KLENERT. The union—when you speak of the union, I would prefer for accuracy, to say that Mr. Valente and I did that and laid that money aside.

Mr. KENNEDY. You say you did?

Mr. KLENERT. Yes, and we thought we were following out the instructions of our council.

Mr. KENNEDY. You thought that was a good place to lay it aside?

Mr. KLENERT. We thought that would be a good way of doing it, yes, sir, at the time. I think if you will care to, Mr. Kennedy, we can go into the thinking of the board at that time, and the reasons for it, and I would be happy to give you that information.

Mr. KENNEDY. I just wanted to get the facts, and then we will go into that.

Mr. KLENERT. Sometimes the facts were just figures. I don't know whether that would be factual enough for your committee and I don't presume to tell you that, but if you want to know our thinking as to why we did these things, I will be happy to give it to the committee.

Mr. KENNEDY. I think that they would be interested.

The CHAIRMAN. Let me get this straight now. You say putting the money into the homes of you and Mr. Valente was the thinking of the board at that time? Is that what you implied a moment ago?

Mr. KLENERT. No, sir. In April—I don't want to consume your time, but I will try to give it to you, sir.

The CHAIRMAN. Well, I will bear a little while. I certainly do not want to deny you the opportunity to explain it. Go right ahead.

Mr. KLENERT. Well, I think, and I don't want to duck your questioning and if I relate certain events it might eliminate some of the questions and give you the answers that you want.

The CHAIRMAN. I am not hindering you. Go right ahead.

Mr. KLENERT. In April of that year, the latter part of April, we had a convention. At the same time there was a convention of the Textile Workers Union of America, an erstwhile CIO union, and a tremendous internal fight had taken place in there between forces known as the Bebe forces the Baldan forces.

We had reasons to assume and to hope that they would come toward us for the purpose of coalescing. They would come toward us not because they loved us, but because they hated the CIO more.

Our board took the position that we should give these people a haven and we should bring the membership in. But that we should take precautions because these people who were coming over had heretofore been hostile and antagonistic toward our structure. If they come over en masse, we did not want it to result in the constitutional structure of our organization being changed and our local unions being deprived of their autonomy and our particular structure and method of operation changed into a monolithic centralized thing.

The board said, "Take provisions to set aside sufficient money that at any time after the amalgamation takes place, the old United Textile Workers of America, local unions, who may become destitute because of this fight, will have financial aid and assistance to come to the convention and be actually represented to protect their structure."

This is why it was done, and when we enacted it, we used this as a method of segregating the money and as far as the records go, we did it at the same time to make sure that it would be crystal clear that \$95,000 went out and \$95,000 went in; and \$57,000 went in and \$57,000 went in.

It may appear, 5 years hence, to be rather inept and there may have been a better way of doing it, but we had many problems then in Canada and in the South, and in the middle Atlantic, and our own everyday problems, and this was what we did at that time.

The CHAIRMAN. As I understand it now, you were apprehensive about some problems and some internal problems and conflict with another union and so forth and you wanted to set aside some money to be used in that contest, or—

Mr. KLENERT. In the event it would be needed.

The CHAIRMAN. And in the event it was to be needed and it was to be charged as organizational funds, or organizational expenses, is that correct?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. Well, how in the world did you deduce from that that you were supposed to buy private homes from it? I just cannot follow it to that conclusion.

Mr. KLENERT. We did not deduce that we were supposed to buy private homes with it.

The CHAIRMAN. Did you use it for that purpose?

Mr. KLENERT. In effect, yes, sir, we put it in there temporarily, yes, sir.

Senator GOLDWATER. Why could not that have been carried in an account marked for the purposes that your board wanted it used for? Why did it have to go into campaign funds or organizational funds?

Mr. KLENERT. Because at that time I suppose the officials deemed it politically astute to conceal the fact that we were creating what might be termed a political slush fund for internal politics which might develop.

Senator GOLDWATER. If I recall, looking at your ledger yesterday, there was nothing new. You have a defense fund, and what was wrong with putting it in that? What was the defense fund for?

Mr. KLENERT. The defense fund is for use in strike situations, and in financial assistance to local unions, and for other reasons.

Senator GOLDWATER. And raiding, also, is it not?

Mr. KLENERT. If you operate on the theory that the best defense is offense, yes.

Senator GOLDWATER. I agree that you have that fund in your ledger, and the thought went through my mind yesterday, why did you not put it in there.

Mr. KLENERT. As I explained, at that time the thinking was that it was politically astute to put it this way and to afford the old unions, local unions, of the United Textile Workers of America, full and complete franchise at the forthcoming convention.

Senator GOLDWATER. Well, the CIO certainly could not look at your books, could they?

Mr. KLENERT. Yes, immediately upon entering into the union, they could and we had some mental reservations about them, Senator, and we wanted to protect them against the retaliation and annihilation, but we wanted the membership to be given representation but we didn't want these people who were very antagonistic, and they had no alternative, and this is our thinking, and they had no alternative and they couldn't go elsewhere and we wanted to give them what they were entitled to, but we didn't want to jeopardize the entire structure of our union.

Senator GOLDWATER. You wanted them to join your union?

Mr. KLENERT. Yes, sir.

Senator GOLDWATER. Now, once they have joined your union, they have done what you wanted them to do and you would assume them to be local members of the AFL, and what fear would you have of them criticizing you for putting up a defense fund to help fight the encroachments of the CIO?

Mr. KLENERT. I did not assume that they would be loyal members of the United Textile Workers of America. I assumed that since for

15 or 20 years they had been hostile to our expressions and hostile to our set-up, and had apparently aided in building a type of organization to which we were opposed, I assumed that if they came in in sufficient number we would have built a Frankenstein which would have actually taken our organization and made it a counterpart of the CIO union they had just left because of a political hassle.

Senator GOLDWATER. Is it not true that for bookkeeping purposes, it would have been and was much easier for you to take \$57,000 out of an organizational fund for other purposes than to take it out of, say, the defense fund, or a building fund?

Mr. KLENERT. Well, we had another motive which has not been developed on a projected basis at that time.

Senator GOLDWATER. You have not answered my question. We are talking about bookkeeping now, and you are a bookkeeper.

Mr. KLENERT. I am not.

Senator GOLDWATER. Well, you are responsible for the books.

Mr. KLENERT. I am now responsible, yes.

Senator GOLDWATER. Is it not true that you could have taken that \$57,000 out of an organizational fund with less notice than you could probably any other fund in there? Is that not why you put this in the organizational fund?

Mr. KLENERT. No, I think that if we had taken the \$57,000 and typified it as a political exigency fund, it would have again, stuck out like a sore thumb.

Senator GOLDWATER. You do not have anything under politics at all in your book, do you? You have no political fund in your ledger?

Mr. KLENERT. No, and I speak of politics, sir, and I do not speak of Federal or State politics, but intraunion politics.

Senator GOLDWATER. That is what I am talking about, and you do not have any subheading in your ledger under politics.

Mr. KLENERT. No, sir.

Senator GOLDWATER. But you do have defense fund, and that is a political fund in part. What I am trying to get out of you is the reason, the real reason you put it under the heading that you did. That \$57,000, that is what you needed for these 2 homes.

Mr. KLENERT. No, I needed \$31,000.

Senator GOLDWATER. I am talking about the whole transaction and is it not true that it would be easier for you to disguise it under organization than it would be under other funds where locals have a chance to look at it or the locals could see it? Or under funds where possibly the executive board can review, because you are supposed to report occasionally to the executive board.

Mr. KLENERT. I do it at meetings of the council.

Senator GOLDWATER. Under organization, the \$57,000 showed up having been expended and there would be less question about that than there would about \$57,000 under the defense kitty or the building fund, is that not right?

Mr. KLENERT. It doesn't necessarily follow.

Senator GOLDWATER. Is it not true?

Mr. KLENERT. I am not sure if I understand what you are trying to develop, Senator.

Senator GOLDWATER. I am trying to develop why you put it in the organizational fund, and not in the funds that it would normally go into, and if your purposes are correct—you say you wanted to use

this \$57,000 to defend yourselves against the CIO, and it would logically follow that you should have put it in the fund that is normally used for that purpose, which in your case is called the defense fund.

Now, why did you put it over in organizational funds?

Mr. KLENERT. Well, you see, we didn't anticipate using this money against the CIO per se. We were hiding this money, Senator.

Senator GOLDWATER. I know that.

Mr. KLENERT. We were hiding the money.

Senator GOLDWATER. Why did you put it under that rock? Why did you not put it under the other rock?

Mr. KLENERT. Because it appeared that this rock was the better facade than the other rock.

Senator GOLDWATER. That is exactly what I want to find out.

Mr. KLENERT. And it was for intradevelopment and not as a use against outside CIO, but in the event the insiders while CIO'ers, would raise problems for us.

Senator GOLDWATER. Actually, this fund was under organizing expenses and now, I am getting down to this: Would it not be easier if somebody on the executive board asked you, after your regular report, "How come \$57,000 is missing from the defense fund, and what did you spend it for?" You would have a more difficult time explaining that than you would if \$57,000 was spent out of the organizational expenses because organizational expenses is a normal day after day and week after week process of a union.

Mr. KLENERT. Yes, sir.

Senator GOLDWATER. Am I right in that, that you put it there for that purpose? You put it in there because it could be hidden better under that account?

Mr. KLENERT. We put it in there not for the purpose of concealing it from the executive board members, but we put it in there because they said that we should set it aside and hide it away and use it when and if the day came when we needed it internally.

Senator GOLDWATER. You did not use it internally.

Mr. KLENERT. We did not require it internally and it was returned as a result of that. It was returned because of other thinking which you may care to develop and we can go into that at the time.

Senator GOLDWATER. You did use it for your home?

Mr. KLENERT. Yes, sir, it was laid in there temporarily, and I have said that repeatedly.

Senator GOLDWATER. Would it not have been a good thing in book-keeping procedure to just put up a heading under your ledger for two homes, \$57,000?

Mr. KLENERT. Then it wouldn't have been hidden.

Senator GOLDWATER. I agree with you, it would not have been hidden.

The CHAIRMAN. I think we have established it was pretty well hidden for a while. Let us go ahead.

Mr. KENNEDY. Did you hide any other money during this period of time?

I notice that there is \$17,500 charged to organizational expenses in addition to the \$57,000. Did you hide any of that money?

Mr. KLENERT. May I see what you say you noticed, Mr. Kennedy?

Mr. KENNEDY. I am referring to exhibit No. 24. Are you familiar with that \$17,500, organizational expenses?

Mr. KLENERT. May I see it?

(A document was handed to the witness.)

The CHAIRMAN. The Chair present to you exhibit No. 24, and asks you to examine it as counsel interrogates you regarding it.

Let us proceed, if we are ready.

(The witness conferred with his counsel.)

Mr. KENNEDY. Now, there is \$57,000 taken out.

Mr. KLENERT. I would appreciate it if you would repeat the question incident to this, and now I have digested this.

Mr. KENNEDY. There was a picture of \$57,000 that was taken out and charged to organizational expenses and was used to replace the \$57,000 that had been charged to the building fund, as an exchange in checks, and \$95,000 came back and \$57,000 went out.

Mr. KLENERT. It was laid aside.

Mr. KENNEDY. Then, in addition to that, during the same period of time, there was another \$17,500 that was charged to organizational expenses.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And I am wondering whether you hid any of that in your home.

Mr. KLENERT. No, sir.

Mr. KENNEDY. You did not?

Mr. KLENERT. No, sir.

Mr. KENNEDY. May I have that please?

Mr. KLENERT. Yes, sir.

(The document was returned to counsel.)

Mr. KENNEDY. This is from exhibit No. 24, the United Textile Workers of America, supplement to audit report for 3 months ending June 20, 1952, and it goes through the \$57,000 and then it states that there is an item here to the City Bank, dated May 27, payee cash, expense incurred, Canada, \$6,000.

Was that \$6,000 used up in Canada?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. That was cashed and used in Canada?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. How did you use that money in Canada?

Mr. KENNEDY. Would you give me that particular thing again?

Mr. KENNEDY. \$6,000, May 27, expense incurred, Canada. That was cash.

(The witness conferred with his counsel.)

Mr. KLENERT. In the midst of all of the other activity which I have tried to relate to you, aside from the normal function and activities, the printed record, and newspaper accounts and general public knowledge will clearly establish that our organization at the same time was cursed and plagued with a Communist-dominated group of local unions in the Dominion of Canada.

We had been harassed and troubled and concerned with this situation for a considerable time considerably prior to these particular dates.

I believe that your staff in conversations with us and inspection of the records, clearly established that fact.

We finally moved in at that time and cleansed the United Textile Workers of America and all of its local unions, and the entire structure up there. I went there with full authority of Mr. Valente and in

fact, he delegated to me his authority as international president and, in effect, when I went to Canada, and I served in Canada, I was cloaked with his full authority and my own and undertook all steps and measures and I was very successful in ousting 11 Communists—I think up there they were called the Labor Progressive Party—and we ousted 11 of them.

Mr. KENNEDY. How did you spend the \$6,000?

Mr. KLENERT. Incident to the ouster, we anticipated and as events transpired, correctly so, that the leftwing forces would attempt to disrupt our unions, and would attempt to force management to recognize them and would attempt to keep our people from honoring the agreements and entering the mills and continuing their work under the contracts.

This money was used to see to it that the duly appointed organizers and staff and all of the people and members under the contracts would go through picket lines and would go to work without being molested and without being harmed in any way.

This money was expended to bring that happy result about.

Mr. KENNEDY. To bring what?

Mr. KLENERT. To bring that happy result.

Mr. KENNEDY. Again, how was the \$6,000—how did you spend the \$6,000 to bring this happy result?

Mr. KLENERT. To abbreviate it, I will continue.

And I did not want to make it longer than that. When we went there originally—

Mr. KENNEDY. I do not want you to make it too long; will you answer the question how you spent the \$6,000?

Mr. KLENERT. I will tell you.

Mr. KENNEDY. Just tell me how you spent the \$6,000.

Mr. KLENERT. This money was given to, I think what we can term deputies of the United Textile Workers of America, who were at various mill gates of our organization to see to it that if the Communist agents or the organizers started any nonsense, or any physical violence, that they would be restrained and prevented.

Mr. KENNEDY. How were they going to be restrained?

Mr. KLENERT. Well, if someone tries to punch me in the jaw, the only way I know about restraining them is to punch them back.

Mr. KENNEDY. That is what the \$6,000 was used for?

Mr. KLENERT. Sometimes that happened, and there was violence there; yes, sir.

Mr. KENNEDY. That was to pay these people to be there in case somebody punched them.

Mr. KLENERT. To pay these people to be there to prevent our people from physical attack.

Mr. KENNEDY. Was there much up there?

Mr. KLENERT. There was quite a bit of trouble up there.

Mr. KENNEDY. And did they have to take part in some of these fights?

Mr. KLENERT. There was hassels and scuffles around certain mills up there at that time; yes, sir.

Mr. KENNEDY. Did you make a report as to how you had spent that \$6,000?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Do you have that report?

Mr. KLENERT. I made that report to the international executive council and I made that report to the president of our organization and I told them in detail exactly how it had all transpired and in greater detail than I am here.

Mr. KENNEDY. Did you tell them how you had given the money?

Mr. KLENERT. How I had given the money?

Mr. KENNEDY. Can you tell us some of the people that you gave the money to?

Mr. KLENERT. After I had this meeting with all of the leaders of Canadian labor, and we discussed the problem, they pledged aid and assistance, and I pledged the expenditure of money and I was contacted and a man came to see me and we went over the local unions, and we went over the geographical areas, and he said that he would provide me with 50 men and he would station them in accordance with our discussions in various locals, and various communities and we worked out payment for them.

That is how the money was expended.

Mr. KENNEDY. Who was this man that arranged that?

Mr. KLENERT. The only identification that I have for this man, I can recollect his physical identification, and the only name I have is his name was pronounced in French fashion, French Canadian, pronounced his name Jacques.

Mr. KENNEDY. You do not know his last name?

Mr. KLENERT. That is the only name I know him.

Mr. KENNEDY. Where did you see Jacques?

Mr. KLENERT. In Canada, and he came to my hotel quarters.

Mr. KENNEDY. Who introduced you to Jacques?

Mr. KLENERT. I received no personal introductions from any of the Canadian labor leaders, and all I know is that after we had this conference and discussed ways and means and strategy and approach and anticipated developments, we left the meeting in my room and this man called and he seemed to know quite a bit about what had happened at this meeting at which he was not present, and he said could he come to see me, and he did, and he suggested this course of action and I accepted it.

Mr. KENNEDY. Did you try to check on him at all, on Jacques?

Mr. KLENERT. Did I ask any of the people about it? No.

Mr. KENNEDY. Do you know anybody in Canada that knows Jacques?

Mr. KLENERT. I do not know anybody in Canada. I don't know of anybody in Canada from people that I have spoken to in Canada, who know Jacques. No, I don't know that.

Mr. KENNEDY. You do not know how anybody would get in touch with Jacques, now?

Mr. KLENERT. I do not know that.

Mr. KENNEDY. And you do not know his last name. What did Jacques look like?

Mr. KLENERT. I would estimate or I would say he has dark hair, about 6 foot 2 or 3 inches, and weighed about 220 pounds, and swarthy complexion, and that is after a 5-year period, and that is about as close as I can give you.

Mr. KENNEDY. You gave him this money, did you?

Mr. KLENERT. No, I doled it out to him. He wanted more.

Mr. KENNEDY. More than the \$6,000?

Mr. KLENERT. Yes, sir; and he wanted more and we discussed the time it would take and how long I would think we needed, and he wanted a guaranty or a commitment, that these men would be given 2 weeks of continuous activity at so much a day.

We had some discussions about that at the time.

Mr. KENNEDY. But you gave him \$6,000 in cash?

Mr. KLENERT. No, we worked out that these men would be given \$15 a day, oh yes, and he wanted it for a 2-week period, and I told him, "Well, I want to do it on a per diem basis and it might take less than 2 weeks and things might not be that bad," and finally, I think the commitment was a minimum of 10 days of their services, and I recall on some days giving him \$750 and then I recall on some days, if I knew I was going to be away, up in Lachute or Valleyfield, away from Montreal proper, the possibility existed that I would be away from that operation or headquarters base, I would give him an advance of \$1,500 or something like that.

Mr. KENNEDY. You had how many men up there? There were 50?

Mr. KLENERT. 50 men; yes, sir.

Mr. KENNEDY. You had 50 men?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And it lasted for how long, about 10 days?

Mr. KLENERT. I paid them on that basis, of 10 days, yes, sir.

Mr. KENNEDY. And so that was about \$7,500 that you gave Jacques. You gave Jacques \$7,500 in cash?

Mr. KLENERT. Yes.

Mr. KENNEDY. Did you receive anything from him, any kind of a voucher or receipt, from Mr. Klenert \$7,500?

Mr. KLENERT. No, sir, I requested it.

Mr. KENNEDY. But he would not give it to you?

Mr. KLENERT. No, sir, he gave me—and again I use a colloquialism, he gave me the horse laugh, and he said, "We don't sign anything."

Mr. KENNEDY. Well, that would be May 27, \$6,000 and then I see that you received on June 16, \$2,500. That was for cash, expense incurred Canada, and that would be \$8,500 altogether for Canada, for the Canadian campaign.

Mr. KLENERT. Yes, sir, and we believe incidentally, and it may be a self-serving declaration, but we believe the job was well done and economically well done, considering the magnitude of the job and the success of the job, and we don't believe it was too much money.

Mr. KENNEDY. You gave \$7,500 of this money to Jacques and I suppose you spent the other money in your own expense on trips.

Mr. KLENERT. The balance of those funds I spent them, we had workers' committees and I would give funds to workers for cars, who had automobiles for gas and oil money, for meals and for lost time, away from the job and that is how that money was eaten up.

Mr. KENNEDY. But none of it was eaten up in your house?

Mr. KLENERT. No, sir.

Mr. KENNEDY. None of that went into your home?

Mr. KLENERT. No, sir.

Mr. KENNEDY. It all went up in Canada, to Jacques, or \$7,500 for Jacques, and the other \$1,000 in this driving.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. None of it went to buy anything for your home?

Mr. KLENERT. No, sir.

Mr. KENNEDY. Now, you have \$1,000, June 4, expense in Lewiston, Maine. What did you do with that \$1,000 in cash?

Mr. KLENERT. The date is what, sir?

Mr. KENNEDY. June 4. Let me read these to you. Do you remember that? \$1,000 in Lewiston, Maine?

(The witness conferred with his counsel.)

Mr. KLENERT. On June 4, 1952, do you mean?

Mr. KENNEDY. Yes.

Mr. KLENERT. No, sir, I do not remember that.

Mr. KENNEDY. Then you have another \$1,000, June 4, South, and another \$1,000, and this is again organizing expense, and another \$1,000, June 4, Mid-Atlantic States, and another \$1,000, June 4, Massachusetts, and another \$1,000, June 4, Midwest. On June 4 you were very active.

Mr. KLENERT. The activity at that time defy description, Mr. Kennedy.

Mr. KENNEDY. Could you go through from Lewiston, Maine, to the Mid-Atlantic States and to the South and Midwest all on June 4?

Mr. KLENERT. The dates there are not intended to give the impression that any 1 individual or 2 individuals were there in all of those places on that same date.

Mr. KENNEDY. What did you do with the cash?

Mr. KLENERT. The dates there when they were drawn and not when they were used. I am beginning to remember and I believe that some of those organizational situations which you mention I would suggest, and I assure you I am not begging off, and I do not remember anything about them, and I would suggest that you make a mental note and ask Mr. Valente about them because I am beginning to feel—and I believe that these particular activities at that particular time were handled by him.

I have no recollection of them and, therefore, I assume that perhaps they were being handled by him.

Mr. KENNEDY. Did any of this money, this \$5,000, go for any personal purchases in your own home, furniture or anything?

Mr. KLENERT. These items that I told you I assume were handled by Mr. Valente?

Mr. KENNEDY. Yes, did any of that go for items purchased for your own home?

Mr. KLENERT. No, these were by Mr. Valente as set forth.

Mr. KENNEDY. Were any of the moneys of that \$5,000 used to make any purchases in your home?

Mr. KLENERT. I just told you that the items there were spent as set forth.

Mr. KENNEDY. Did Mr. Valente give you any of that money to make purchases in your home or did he buy anything for your home?

Mr. KLENERT. No, he did not.

Mr. KENNEDY. So the answer to that is no, none of that money was used?

Mr. KLENERT. That is right.

Mr. KENNEDY. There is another \$2,500 on June 16, expenses incurred Dan River, Va. What was that in connection with?

Mr. KLENERT. June 16?

Mr. KENNEDY. Yes. That was the same day as the \$2,500 that we discussed earlier for Canada.

Mr. KLENERT. Oh, yes. I was in a very impossible situation at that time. I think you will agree that it is very difficult to be in Dan River and Montreal at the same time. I had developments in the situation at that time that were such that I had to be in both places at the same time, aside from normal affairs at the international headquarters.

We had been conducting an organizing campaign at the Dan River mills, and this money—I went to Dan River—and this money was used amongst workers, shop stewards, key workers in departments who aided and assisted in carrying out organizing activity within the plant and throughout the homes of workers, 10,000 workers that worked in that plant, with the goal in mind of achieving a majority vote in a petition for certification which was then pending before the National Labor Relations Board.

Mr. KENNEDY. How was the \$2,500 spent in cash?

Mr. KLENERT. At that time I distributed various sums to these people for lost time, use of cars, gas and oil, meals, volunteer organizing work.

Mr. KENNEDY. Do you know any of the people that you might have given any of that \$2,500 to?

Mr. KLENERT. Personally?

Mr. KENNEDY. Could you name any for us that you might have given some of that \$2,500 to?

Mr. KLENERT. No. No, I could not. No, I could not.

Mr. KENNEDY. Did you—

(The witness conferred with his counsel.)

(At this point, Senator McNamara withdrew from the hearing room.)

Mr. KLENERT. I didn't hear you.

Mr. KENNEDY. I didn't finish. I was wondering if you made any written report on that, on how you spent that \$2,500.

Mr. KLENERT. I made a report to the board incident to it, and I brought back some vouchers some people had signed. I recall asking people to sign if they received 25 or 30 or 15 or 10, whatever it might have been. Some of the workers signed these vouchers, attesting to it, and others said, "Oh, no. Oh, no, we are not going to put ourselves on the spot."

In case the CIO won the election, there would be a record that they had taken the money from the AFL rival union.

Mr. KENNEDY. You do not have any of those records now?

Mr. KLENERT. No. Naturally, in a political situation, we were soliciting votes, and I did not press anyone or antagonize anyone or insist. Truthfully and frankly speaking, I wanted every vote we could get.

Incidentally, we got close to 7,000 votes.

Mr. KENNEDY. Was any of that \$2,500 charged to expense incurred, Dan River, June 16, 1952; was any of that money used to make any personal purchases for you, for your home?

Mr. KLENERT. No, sir.

Mr. KENNEDY. None of it was?

Mr. KLENERT. No, sir.

Mr. KENNEDY. Then there is another \$1,000 for June 17, expense incurred, Pennsylvania. Do you know what happened to that?

Mr. KLENERT. June 17?

I don't remember. I would suggest that you ask Mr. Valente about that, Mr. Kennedy. I don't recall it. I have no recollection.

Mr. KENNEDY. Was any of that money used to make any personal purchases in your home?

Mr. KLENERT. No, sir.

Mr. KENNEDY. Then there is a \$500 item on June 5, for international office. The total, then, is \$17,500 that I have asked you about.

When you moved into this home that we have been discussing, did you buy some furniture for your home? Did you buy some drapes and some curtains, for instance?

Mr. KLENERT. On drapes and curtains, I would do better if I spoke to my lady about that.

Mr. KENNEDY. What about the rugs? Did you buy some rugs for your house? Don't you remember that you bought some rugs?

Mr. KLENERT. I may have. I don't recall the detail of it.

Mr. KENNEDY. What about the furniture, the couch, for instance? Do you know whether you bought some couches?

Mr. KLENERT. This is in 1952?

Mr. KENNEDY. Yes.

Mr. KLENERT. I can't remember the details on that, sir.

Mr. KENNEDY. You furnished your house, Mr. Klenert. You remember some things that you purchased there.

How about the beds?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. Let me ask you something. Let us get moving along. You bought a new home?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. Did you furnish it?

Mr. KLENERT. There was some furnishing brought over from the other house.

The CHAIRMAN. I know you brought some from the other one. Did you buy any new furniture at the time you occupied your new home, your new purchase?

Mr. KLENERT. There must have been some. I am rather vague on it now. I can't remember the exact details.

The CHAIRMAN. You cannot remember what you bought or did not buy at that time, but you think you did buy something. Is that right?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. All right. Let us move on.

Mr. KENNEDY. How did you pay for those things that you purchased for your home?

Mr. KLENERT. Well, not remembering exactly what it was or how it was, it is hard to say, Mr. Kennedy.

Mr. KENNEDY. Did you have a piano? Did you buy a piano for your home?

Mr. KLENERT. Yes, I recall that.

Mr. KENNEDY. How did you pay for that piano?

Mr. KLENERT. I think in—let's see—I would say in early June my lady had seen something like that that she wanted, and I believe I drew \$2,000 from the bank.

Mr. KENNEDY. What bank did you draw the \$2,000 from?

Mr. KLENERT. That I am not certain of, but I remember drawing \$2,000. I remember drawing \$2,000. It must have been—well, whatever bank—I think you have a record—whatever bank I was doing

business with then. I am not certain. I drew \$2,000 cash, and we went to buy this piano. I tried to negotiate and tried to settle the deal at that time, and we did not. We couldn't reach terms, satisfactory terms, at that time.

Then, later on, maybe a week or 10 days later, we finally reached terms which were satisfactory, and bought it.

Mr. KENNEDY. And you bought the piano with that \$2,000 that you withdrew from your bank account?

Mr. KLENERT. I think it was for \$3,000.

Mr. KENNEDY. Where did you get the other \$1,000?

Mr. KLENERT. I think between my wife and myself we had that much in cash.

Mr. KENNEDY. How did you pay for the piano then?

Mr. KLENERT. In cash.

Mr. KENNEDY. You paid for it in cash?

Mr. KLENERT. No. Oh, I remember now. We paid for it by—well, it was a cash sale. We paid for it—this is June 16, did you say?

Mr. KENNEDY. I didn't.

Mr. KLENERT. Did you say June 16 before?

Mr. KENNEDY. I didn't mention June 16. That was the day you said you were up in Canada with the \$2,500 you spent.

Mr. KLENERT. No, I didn't say I was in Canada on June 16.

Mr. KENNEDY. I asked you about June 16 earlier, and the \$2,500. That is the only time it has been mentioned.

Mr. McINERNEY. He didn't say he was in Canada.

Mr. KENNEDY. He was spending it on Jacques, up in Canada.

Mr. KLENERT. On June 16? No, I don't think so, Mr. Kennedy.

The CHAIRMAN. When were you in Canada?

Mr. KENNEDY. June 16, \$2,500.

Mr. McINERNEY. That doesn't mean he was in Canada.

Mr. KENNEDY. No, but on the \$2,500, that is the only time June 16 has been mentioned.

Mr. KLENERT. I will try to give you the events of that day. I was due, I think, in Dan River, in Canada, and in the office all at the same time. That very morning I was with Tony Valente, and he was tied up, also, helter-skeltering around at that time, and he gave me \$1,000 that morning and he asked me to pay downtown on the gas company for an air-conditioning bill that he owed them.

Mr. KENNEDY. He gave you \$1,000 in cash?

Mr. KLENERT. Yes, sir, that morning. Yes, sir.

Mr. KENNEDY. June 16th?

Mr. KLENERT. Yes, sir. It must have been that, the same day that this deal was made with the music people.

I asked him if he would give me or loan me a like amount so I could make a similar payment for my purchase.

Mr. KENNEDY. What were you purchasing then?

Mr. KLENERT. It was an airconditioning which we owed to them. He gave me \$1,000. I had \$2,000 of my own, and the other \$1,000 that morning. I went downtown and went to the bank. I had other organizational cash in my possession pending going to Canada.

Mr. KENNEDY. How much money did you have in cash on you when you went into the bank?

Mr. KLENERT. I must have had at least \$6,000 in cash belonging to the organization.

Mr. KENNEDY. \$3,000?

Mr. KLENERT. No. \$6,000.

Mr. KENNEDY. How much did you have of your own money in cash?

Mr. KLENERT. I had 3 of my own, 1 that Mr. Valente had loaned me and 1 that I had to pay a bill for him with. I didn't know if I could take care of those bills that day, or if I had to leave town momentarily. On my way in, I had all this money to go either north or south. I took the money that I received from Mr. Valente, and my own, and I bought cashier's checks with them that morning.

I then went to the office and, as I recall, I did not have to leave—I think, as best as I can recollect, I did not have to leave until the next day, and I was able to take care of, with my wife, the purchase on the piano.

I then believe that, I can best recollect, I returned 2 or 3 days hence, and paid \$1,000 each on the contracts that Mr. Valente and I had on the airconditioning. That is the best I can recollect and reconstruct.

Mr. KENNEDY. Why did you buy cashier's checks with this \$5,000?

Mr. KLENERT. Because I had all this organizational money already, and I didn't want to——

Mr. KENNEDY. Why were you walking around the street with \$5,000 in your pocket?

Mr. KLENERT. Because I was going to take off into the field with it at any moment.

Mr. KENNEDY. But this is \$5,000 of your own and Mr. Valente's. Why did you need \$5,000 of your own and Mr. Valente's at that particular time?

Mr. KLENERT. I had the money, withdrawn \$2,000 originally.

Mr. KENNEDY. First go back to that. Why did you withdraw the \$2,000 then?

Mr. KLENERT. To take it down to the company and show them here is cash on the barrelhead to get a better buy.

Mr. KENNEDY. Did they say they would only take cash?

Mr. KLENERT. No; they didn't.

The company?

Mr. KENNEDY. Yes.

Mr. KLENERT. The company didn't say anything to me. I thought that I would be able to haggle favorably on a straight cash deal with them, if I showed the salesman money, and I wanted to buy a cash deal with them, make a cash deal.

Mr. KENNEDY. So you withdrew the \$2,000 from your bank account?

Mr. KLENERT. I beg your pardon?

Mr. KENNEDY. You withdrew the \$2,000 from your bank account?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And went down there and showed them the \$2,000 in cash?

Mr. KLENERT. I told them I had the cash on me and wanted to make a deal if the price was right.

Mr. KENNEDY. You told the man at the store that you had the cash on you?

Mr. KLENERT. I might have said "I have \$2,000 cash on me to take this deal if you give me the right price." I don't recollect actually waving it in front of him, no.

Mr. KENNEDY. What did he say?

Mr. KLENERT. At that time he wouldn't budge. We didn't settle any sale at that time, as I recollect.

Mr. KENNEDY. And then between that time and June 16, and that was around June 4, you carried that \$2,000 around with you?

Mr. KLENERT. Yes, I did.

Mr. KENNEDY. Just in your pocket?

Mr. KLENERT. I believe so.

Mr. KENNEDY. And then you picked up \$3,000 cash more?

Mr. KLENERT. On that morning, as I just told you, I went down to pay some bills and did conclude the purchase at that time. Because at that time it was reaching sizable proportions, I reduced our personal money to cashier's checks, the personal money.

Mr. KENNEDY. Why did you borrow that money, then, in order to buy cashier's checks?

Mr. KLENERT. I didn't borrow it in order to buy cashier's checks. I got it that morning, and by that time I had been on my way trying to get either to Dan River or to Canada and by that time had too much cash on me.

In the morning, on my way down, I reduced that personal money, segregated our personal money, by checks, and kept the cash organizational money which I was going to take off to use as soon as I had the opportunity to get out of town.

Mr. KENNEDY. Why didn't you just put it in your own personal bank account, the \$5,000 cash?

Mr. KLENERT. Because I had hopes that day of going down and transacting the business for which it was needed.

The CHAIRMAN. Let me ask you this: Did you pay for the piano in cash or pay the cashier's checks or a personal check, or how?

Mr. KLENERT. I gave them cashier's checks.

The CHAIRMAN. What did the piano cost?

Mr. KLENERT. I bought a—probably in the neighborhood of \$3,000.

The CHAIRMAN. You were carrying a lot of cash so you could get a good price and so forth. It seems to me it might have impressed you at the time as to what it finally cost you. Can you tell us?

Mr. KLENERT. After five years I would hazard that as a fairly good approximation, Senator.

The CHAIRMAN. The Chair hands you 3 checks, photostatic copies of the checks, dated June 16, 1952, on the City Bank of Washington, each check made payable to you, cashier's checks, and they appear to be endorsed by you, pay to the order of Security Bank, Washington, D. C., for deposit to the account of Campbell Music Co., Inc.

Each check is similarly endorsed.

I ask you to examine these photostatic copies and state if you recognize them as such?

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. Yes, sir, those are my signatures, Mr. Senator. Yes, sir.

The CHAIRMAN. That is correct?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. So you recognize them and identify them.

Mr. KLENERT. I do, sir. I recognize them.

The CHAIRMAN. Are those the checks you used to pay for the piano.

Mr. KLENERT. I think that is a very sure deduction, Senator, yes.

The CHAIRMAN. You think that is a safe deduction?

Mr. KLENERT. Completely.

The CHAIRMAN. Thank you.

Those checks may be made exhibit 26-A, B, and C.

(Documents referred to were marked "Exhibits 26-A, B, and C," for reference and will be found in the appendix on pp. 3544-3546.)

The CHAIRMAN. The Chair hands you 2 other checks of the same date, June 16, 1952, in the amount of \$1,000 each, payable to you, cashiers checks, on the City Bank. On the reverse side the following appears: The endorsement, endorsed to Washington Gas & Light Co., signed by you.

I will ask you to examine these checks and see if you identify them as being checks with which you paid for air-conditioning units.

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. The answer is yes, sir.

The CHAIRMAN. That is correct. Then those will be made exhibit 27-A and B.

The documents referred to were marked "Exhibits 27-A and B," for reference and will be found in the appendix on pp. 3547-3548.)

The CHAIRMAN. What is the connection of that date and these checks with the union funds?

Mr. KENNEDY. The record shows on his bank account that he debited \$2,000 on June 6. These checks are dated June 16.

Is that correct? Those checks are dated June 16?

Mr. KLENERT. The ones I was just shown?

Mr. KENNEDY. Yes.

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Mr. Chairman, I would like, if we could, to put Mr. Calabrese on.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

The CHAIRMAN. Mr. Calabrese, you have been previously sworn.

You may proceed to state what records you have and what they show regarding these transactions.

Mr. CALABRESE. I have before me exhibit 24 which indicated that, according to Mr. Janson's supplement, two checks, dated June 16 were made out to cash on the City Bank, on the union account, for expenses incurred at Dan River and at Canada, and they are both in the amount of \$2,500. They were endorsed by Helen LaPlaca, the bookkeeper at the UFWA.

We have elicited from Miss LaPlaca that this money was obtained in cash from the bank, and that she then turned it over to Mr. Klenert. She does not—

The CHAIRMAN. Is that on the same date as these checks?

Mr. CALABRESE. That is correct.

The CHAIRMAN. \$5,000. Two \$2,500 checks?

Mr. CALABRESE. For cash.

The CHAIRMAN. That was used in checks for cash? The checks were made to cash?

Mr. CALABRESE. Yes.

The CHAIRMAN. And the lady in the union office there endorsed them, secured the cash, turned it over to Mr. Klenert?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Is that correct?

Mr. CALABRESE. That is correct.

The CHAIRMAN. That is the same day as these \$1,000 cashier's checks?

Mr. CALABRESE. Yes, sir.

The CHAIRMAN. All right.

Mr. CALABRESE. And the account of the UTWA indicates that the \$5,000 was debited on the 16th and posted the next day, on June 17.

On June 16, 1952, Mr. Klenert purchased the 5 cashier checks just put into evidence, made to Mr. Lloyd Klenert. They were endorsed, and 3 of them were endorsed by Lloyd Klenert and turned over to the Campbell Music Co., 2 were endorsed by Mr. Klenert and turned over to Washington Gas Light Co.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. What were those purchases for? Does the record show?

Mr. CALABRESE. The records show that at the Campbell Music Co., a sales slip showing that on June 18, 1952, Mr. Lloyd Klenert, 511 Boston Avenue, Takoma Park, which was his former residence before he moved to Kensington, purchased a Magnavox French Provincial, cherry, that he traded in a Magnavox radio-phonograph, and received \$100 trade-in value. The total amount of the French Provincial Magnavox TV was \$785.40, less the \$100 trade-in, or \$685.40, which he paid in cash.

The explanation is that the cash could either be cash money or a check.

On the same date—

The CHAIRMAN. What does it show the piano cost?

Mr. CALABRESE. This is the TV set. The total amount was \$785.40.

The CHAIRMAN. That is the purchase price of it?

Mr. CALABRESE. This is the purchase price; yes.

And he was allowed \$100 trade-in value for the old Magnavox radio-phonograph which he traded in. It will be noted that this was to be delivered to 9801 Old Spring Road, Rock Creek Hills, the corner of Saul Road and Old Spring Road, the new residence.

Another sales slip dated June 18, 1952, the same address, the same Boston Avenue address, for Mr. Lloyd Klenert, shows that he purchased a Steinway grand and bench, reconditioned, style S, Queen Anne, for which he paid \$3,186.50.

The CHAIRMAN. What was it?

Mr. CALABRESE. \$3,186.50. However, he turned in an Emerson for which he received a \$400 allowance, thereby making a cash payment of \$2,786.50. This also was to be delivered to 9801 Old Spring Road, Rock Creek Hills. Three thousand dollars of the total of \$3,471.90 emanated from the 3 cashier's checks which he endorsed and turned over to Campbell Music Co. on June 18. Four hundred and seventy-one dollars and ninety cents, according to the bookkeeper at Campbell Music Co., could have been cash or check. They did not keep any detailed record at that time.

The CHAIRMAN. Either cash or a check?

Mr. CALABRESE. Or a check. That is correct.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Chairman, I think Mr. Klenert can step aside. We have another witness.

The CHAIRMAN. Those documents or sales slip may be made exhibits 28 and 29.

(The documents referred to were marked "Exhibits 28 and 29," for reference and will be found in the appendix on pp. 3549, 3550.)

**TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL,
JAMES M. McINERNEY—Resumed**

Mr. KENNEDY. Mr. Klenert, is it true, before you go, that this money that is marked to Canada, the \$6,000 plus the \$2,500, was actually used up in Canada, spent up in Canada?

Is that right?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. It was not used for any of these purchases?

Mr. KLENERT. No, sir.

Mr. KENNEDY. None of the \$2,500 charged to Dan River was used for the purchases of your piano or air conditioner?

Mr. KLENERT. No, sir.

Mr. KENNEDY. Absolutely not?

Mr. KLENERT. No, sir.

Mr. KENNEDY. It was all your own money?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And the \$2,500 that was charged to organizational expenses up in Canada on June 16, that was actually spent up in Canada; is that right?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And it was given to Jacques, the \$2,500?

Mr. KLENERT. Seven thousand five hundred dollars of the \$8,500 was spent as I outlined.

Mr. KENNEDY. The \$2,500 was part of that and that was given to Jacques?

Mr. KLENERT. Doled out; yes, sir.

Mr. KENNEDY. To Jacques?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And you did not use any of it for your air conditioner?

Mr. KLENERT. No, sir.

Mr. KENNEDY. None of it for your piano?

Mr. KLENERT. No, sir.

Mr. KENNEDY. None of it was used for Mr. Valente's air conditioner?

Mr. KLENERT. No, sir.

The CHAIRMAN. Stand aside for the moment.

Call the next witness.

(Members present at this point: Senators McClellan and Goldwater.)

Mr. KENNEDY. Mr. Krause?

The CHAIRMAN. Mr. Krause, will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KRAUSE. I do.

TESTIMONY OF A. FRANK KRAUSE, JR.

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. KRAUSE. My name is A. Frank Krause, Jr., I live at 1327 Larchmont Drive, Falls Church, Va. I am presently president of Neskeo Engineering Corp.

The CHAIRMAN. President of what?

Mr. KRAUSE. Neskeo Engineering Corp., Chantilly, Va.

The CHAIRMAN. You are familiar with the rules of the committee. You are entitled to counsel, if you desire.

Do you waive counsel?

Mr. KRAUSE. I waive counsel.

The CHAIRMAN. Were you formerly employed by the Washington Gas Light Co.?

Mr. KRAUSE. Yes, I was employed there.

The CHAIRMAN. In what capacity did you work for them in 1952?

Mr. KRAUSE. In 1952 I was a sales engineer handling air conditioning for the company.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. In 1952, did you have some conversations with Mr. Klenert about installing an air-conditioning unit in his newly purchased home?

Mr. KRAUSE. Yes, I did.

Mr. KENNEDY. Would you tell us about those conversations? What was required?

Mr. KRAUSE. Well, Mr. Klenert had—I had done business with Mr. Klenert about a year previous to this, and installed air conditioning in his Takoma Park home. He was entirely satisfied with the installation. He was contemplating buying this home up on Alfred Ray Road, I think it is. So before he completed the purchase for it, he wanted to find if it was practical to install air conditioning. After an engineering survey, we convinced ourselves that we could install a system for him that would be satisfactory to his desire.

Mr. KENNEDY. Was that on just Mr. Klenert's home, or did he also speak to you about Mr. Valente's home?

About this time was——

Mr. KRAUSE. As I recall, I think the conversation was just about Mr. Klenert's home.

Mr. KENNEDY. Did you ultimately have conversations with him about Mr. Valente's home?

Mr. KRAUSE. Yes; later.

Mr. KENNEDY. Were you to install the air-conditioning system for Mr. Valente's home also?

Mr. KRAUSE. Yes. It came about that by doing both jobs, we were able to make a better financial arrangement with him.

Mr. KENNEDY. Just answer the question. Wasn't it agreed that you would install the air-conditioning unit in Mr. Valente's home as well as Mr. Klenert's?

Mr. KRAUSE. Yes.

Mr. KENNEDY. Did you take steps to do that, to install that air-conditioning?

Mr. KRAUSE. Yes.

Mr. KENNEDY. You went up there. And did you install the air conditioning?

Mr. KRAUSE. Yes. We installed it after there was a settlement of the property; yes.

Mr. KENNEDY. The first conversations you had with him were prior to the settlement on the property, is that right?

Mr. KRAUSE. Yes. Yes, indeed.

Mr. KENNEDY. Was it a big job to install the air-conditioning unit? Tell us about what you had to do.

Mr. KRAUSE. Well, these were new houses, and they had been built for a different type heating system. To accommodate a complete air-conditioning system required some extensive work. We had to refit the house to accommodate a duct system and to make a presentable job architecturally, too.

Mr. KENNEDY. What does that mean? What did you have to do?

Mr. KRAUSE. Well, we had to cut some of the plaster from the ceilings, install duct work and ceiling diffusers. As I remember it, we removed the existing system and installed this system because it was an all-year unit. In other words, it provided heating and cooling from one source. So the system that was in there was of no value and it just took up space. Mr. Klenert did not want it there.

Mr. KENNEDY. So you took out the old heating system and installed this?

Mr. KRAUSE. I don't believe we took it out. I think that arrangement was made, I think, with the builder to take it out.

Mr. KENNEDY. Did you make that arrangement?

Mr. KRAUSE. No, I did not make that arrangement.

Mr. KENNEDY. Did you have to do some construction work on Mr. Valente's home?

Mr. KRAUSE. Yes. They were homes paralleling the same conditions.

Mr. KENNEDY. Did you have to do some construction work on Mr. Valente's home, also, to install this?

Mr. KRAUSE. Yes.

Mr. KENNEDY. While you were out there, were they moving the furniture and the rugs in, and the drapes?

Mr. KRAUSE. No. They couldn't move in, because we were cutting plaster. The crew was out there. It wasn't the kind of a situation that anybody would move in until we had gotten further along. They didn't move in until, I would say, we were probably about 3 weeks after we had started the job.

As I remember it, it was a hurry-up job done so they could move in, and I think we had something like a 1-month period to do it.

Mr. KENNEDY. And were you ever there after they had moved in?

Mr. KRAUSE. I was there numerous times. I would say practically every other day to check on the job.

Mr. KENNEDY. While you were there were they moving any of their furniture in, or the rugs?

Mr. KRAUSE. Towards the last part of the installation, completing it, adjusting it.

Mr. KENNEDY. Were these items new or were they old items?

Mr. KRAUSE. Were they what?

Mr. KENNEDY. For instance, the rugs, were they new rugs? Did they have to be fitted to the floors?

Mr. KRAUSE. Well, as I recall it, Mr. Kennedy, there was quite a period of time there that the house was pretty bare. In fact, I wondered myself. I was hurrying to try to get the job done and there didn't seem to be too much moving in. All of a sudden they did move in, as I remember it, and I think a lot of furnishings were new. It was a different type house than what he had been living in.

Mr. KENNEDY. What arrangements were made as far as paying you was concerned? What conversations did you have with Mr. Klenert about that?

Mr. KRAUSE. Well, as I said before, Mr. Klenert had demonstrated himself to be a very favorable credit risk to us, having done business with him previously. So when I wrote the contracts, I wrote them for cash because there wasn't any question about his credit. He had already established himself and proved beyond any doubt that he was a good customer.

I don't know just exactly what the date was any more now, but I do remember I wrote the contracts for cash upon completion.

The CHAIRMAN. The Chair presents to you what purports to be photostatic copies of two contracts, one numbered 5607, in the name of Mr. Anthony Valente, and another numbered 5609 in the name of Mr. Lloyd Klenert. Will you examine these photostatic copies and see if you recognize them as being photostatic copies of the contracts to which you referred?

(Documents handed to witness.)

Mr. KRAUSE. These are not the original contracts.

The CHAIRMAN. I beg your pardon?

Mr. KRAUSE. I say these are not the original contracts.

The CHAIRMAN. What are they?

Mr. KRAUSE. These are the replacement contracts that I wrote at a later time to replace the original contracts.

The CHAIRMAN. Are the original contracts attached? See if you can find the original contracts attached.

I believe I have here a photostatic copy of the original contract with with Mr. Valente. Examine this photostatic copy and see if you with Mr. Valente. Examine this photostatic copy and see if you

(Document handed to witness.)

Mr. KRAUSE. Yes, this is the original contract for the Valente job.

The CHAIRMAN. That will be made exhibit No. 30, for reference.

(The document referred to was marked "Exhibit No. 30," for reference and may be found in the files of the select committee.)

The CHAIRMAN. Take the other Valente contract there and let us identify it, if you can. You said those were replacement contracts.

Mr. KRAUSE. Yes. This replaces that contract.

The CHAIRMAN. You have the replacement contract for Mr. Valente, and that is the document you have in your hand now?

Mr. KRAUSE. Yes.

The CHAIRMAN. That may be made exhibit 31, for reference.

(The document referred to was marked "Exhibit No. 31," for reference and will be found in the appendix on pp. 3551-3552.)

The CHAIRMAN. Let me ask the staff this question: Do we have the original contract with Mr. Klenert?

Mr. MILLSS. No, sir. The Washington Gas Light Co. couldn't find the original contract in their files.

The CHAIRMAN. Do you have there the replacement contract for Mr. Valente?

Mr. KRAUSE. Yes.

The CHAIRMAN. Do you identify it as such?

Mr. KRAUSE. I do.

The CHAIRMAN. That may be made exhibit 32.

(The document referred to was marked "Exhibit No. 32," for reference and will be found in the appendix on pp. 3553-3554.)

Mr. KENNEDY. How did you ultimately get the first downpayment, and how much was it?

Mr. KRAUSE. I would have to have that contract, please. I can't remember something for 5 years.

(Document handed to witness.)

Mr. KRAUSE. On Mr. Klenert's house it was \$1,377 downpayment. That left a principal unpaid balance of \$5,000, and a carrying charge for 48 months, which would be 4 years, payable monthly.

Mr. KENNEDY. And what was it for Mr. Valente?

Mr. KRAUSE. Mr. Valente's sale was \$6,259, with a downpayment of \$1,259, leaving a principal unpaid balance of \$5,000, and a carrying charge.

Mr. KENNEDY. What was the total downpayment, then, that had to be made?

Mr. KRAUSE. \$2,636.

Mr. KENNEDY. \$2,636. How were you paid that, the original downpayment, of \$2,636, and on what date?

Mr. KRAUSE. Well, I presume I was paid that on June 17, because I would have no other reason to write this contract unless it was in force at that time.

Mr. KENNEDY. How were you paid?

Mr. KRAUSE. As I recall it—

Mr. KENNEDY. Do you have any recollection of what occurred at that time?

Mr. KRAUSE. As I recall it, Mr. Klenert discussed with me the possibility of changing those contracts to time payment. As I have already stated, there wasn't any questions about Mr. Klenert's intentions or otherwise. He established himself as a very good customer. So we rewrote the contracts and gave him full time to pay for it, which would be 48 months. He asked me if I would come up to his office with the new contract, and I did that. He paid me at that time, while I was up there.

Mr. KENNEDY. Just what occurred on the day that he paid you, and how did he pay you? That is what I am trying to establish.

Mr. KRAUSE. Well, I gave him the amounts that would be required, and—

Mr. KENNEDY. Klenert had signed the contract for Mr. Valente also?

Mr. KRAUSE. No, sir. He couldn't sign. All he signed—the only thing he signed for Valente was the contract proposal, which outlined the scope of work that we were to do.

Mr. KENNEDY. All right. He signed that for Mr. Valente?

Mr. KRAUSE. As far as the contract goes, Mr. Valente had to sign that.

Mr. KENNEDY. So you were owed \$2,636. How were you paid the \$2,636? What happened?

Mr. KRAUSE. I think I was in Mr. Klenert's office when he gave me some cashier's checks, and my best recollection is that they only amounted to \$2,000, and the balance of \$636 he paid me by personal check.

Mr. KENNEDY. Did you raise any question at that time about cashier's checks?

Mr. KRAUSE. I did mention something to him, because they were negotiable. I never accepted cash.

Mr. KENNEDY. Why wouldn't you accept cash?

Mr. KRAUSE. Well, I never liked to accept cash in any form on our transactions because there was no record of it.

Mr. KENNEDY. What did he say as far as this \$2,000 in cashiers' checks?

Mr. KRAUSE. Well, I don't think he really said anything, Mr. Kennedy. I think I was the one that said something to him about it.

Mr. KENNEDY. Did he answer anything?

Mr. KRAUSE. I think he probably said "It's good money" or something like that, and, of course, it was. The only thing I was worrying about was the fact that they were negotiable.

Mr. KENNEDY. Did he have other cashiers' checks there?

Mr. KRAUSE. As I recall, he had some other checks there; yes.

Mr. KENNEDY. What did he do? He just gave you a couple of them, is that right, endorsed them over to you?

Mr. KRAUSE. He had two earmarked for me; yes. He knew what the transaction was, because I told him on the phone how much money was required.

Mr. KENNEDY. And then he gave you a personal check for \$636, is that right?

Mr. KRAUSE. That is right.

Mr. KENNEDY. And that was to cover both the downpayments for both Mr. Klenert and Mr. Valente?

Mr. KRAUSE. It covered both downpayments and put the contracts in force, right.

The CHAIRMAN. Thank you very much, Mr. Krause. You may stand aside.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

Mr. KENNEDY. Mr. Calabrese, have you made a study of the bank accounts involved, regarding the \$636?

Mr. CALABRESE. Yes, sir; I have.

Mr. KENNEDY. And you find there is a debit of \$636?

Mr. CALABRESE. Yes. Mr. Klenert's account was debited on June 25, 1952, in the amount of \$636, which appears to be the additional \$636 for the downpayment made to the Washington Gas Light on the two air-conditioning units.

Mr. KENNEDY. In connection with Mr. Klenert's testimony about a \$2,000 withdrawal, there is a \$2,000 withdrawal, is there not?

Mr. CALABRESE. There is a \$2,000 debit on June 6, 1952, in Mr. Klenert's account at the City Bank.

Mr. KENNEDY. And these transactions took place June 16 and 17?

Mr. CALABRESE. I believe the Campbell Music was June 18, and Washington Gas Light was June 17.

Mr. KENNEDY. And the cashiers checks were purchased on what day?

Mr. CALABRESE. June 16, 1952.

Mr. KENNEDY. And those cashiers checks were then used for—

Mr. CALABRESE. For the purchases at Campbell Music Co. and for the downpayments on Mr. Klenert's and Mr. Valente's air-conditioning units at their new homes.

Mr. KENNEDY. \$2,000 for the latter and \$3,000 for the former, is that right?

Mr. CALABRESE. That is correct.

The CHAIRMAN. Thank you, Mr. Calabrese.

The Chair will announce that we will have to recess now because this room has been engaged for another meeting, soon to follow. We anticipate that meeting will be over around 2 o'clock. We will make certain, however, that the room will be available to us.

When I recess, we will recess until 2:30 this afternoon.

Counsel has one more question.

Mr. KENNEDY. Mr. Calabrese, so that we can clarify the record, two \$2,500 checks, one charged to Dan River and the other to organizational expenses in Canada, were cashed on June 16?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. And that is the same day that the 5 cashiers checks amounting to \$5,000 were purchased, is that correct?

Mr. CALABRESE. That is right.

Mr. KENNEDY. The only substantive withdrawal from the bank accounts of Mr. Valente or Mr. Klenert during this period of time was from Mr. Klenert's bank account on June 6, 1952, is that right?

Mr. CALABRESE. \$2,000; that is correct.

The CHAIRMAN. The committee will stand in recess until 2:30.

(Whereupon, at 11:55 a. m., the committee recessed, to reconvene at 2:30 p. m., the same day.)

(Members present at the taking of the recess: Senators McClellan and Goldwater.)

AFTERNOON SESSION

(Members present at the convening of the afternoon session: Senators McClellan and Goldwater.)

The CHAIRMAN. The committee will come to order.

Call the next witness.

Mr. KENNEDY. Mr. Jansson.

The CHAIRMAN. Will you be sworn, please, sir.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JANSSON. I do.

TESTIMONY OF ERIC G. JANSSON

The CHAIRMAN. Please state your name, your place of residence, and your business or occupation.

Mr. JANSSON. My name is Eric G. Jansson. My residence is 4112 Blackthorn Street, Chevy Chase, Md.; certified public accountant in Washington, D. C.

The CHAIRMAN. Do you have counsel with you, Mr. Jansson?

Mr. JANSSON. No, sir; I have an associate with me.

The CHAIRMAN. You have an associate with you?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. Is he to testify?

Mr. KENNEDY. He might.

The CHAIRMAN. Will you be sworn, please, too?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CUNNINGHAM. I do.

TESTIMONY OF MARK L. CUNNINGHAM

The CHAIRMAN. State your name, place of residence, and business or occupation for the record.

Mr. CUNNINGHAM. I am Mark L. Cunningham, 12003 Claridge Road, Silver Spring, Md.; certified public accountant, with Eric G. Jansson & Co.

The CHAIRMAN. Thank you.

Of course you know the rule that witnesses may have counsel present while they testify. Do you waive that rule?

Mr. CUNNINGHAM. Yes.

Mr. JANSSON. Yes.

Mr. KENNEDY. You are the head of the accounting firm, Mr. Jansson?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. What is the name of the firm?

Mr. JANSSON. Eric Jansson & Associates.

Mr. KENNEDY. How many accountants do you have working?

Mr. JANSSON. Mr. Cunningham is a partner who is certified, and we have two junior accountants.

Mr. KENNEDY. For the most part, you handle labor unions; do you? You do the accounting work for the labor unions?

Mr. JANSSON. That is correct, sir.

Mr. KENNEDY. Was one of the labor unions that you were doing work for the textile workers?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. The United Textile Workers.

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. When did you start to work for them?

Mr. JANSSON. Approximately 1945—1944, 1945, or 1946, approximately.

Mr. KENNEDY. You were working for them in 1952?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Specifically, were you working for them in May, June, and July of 1952?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Did you prepare their accounting reports during that period of time?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Were you aware of the fact that there had been an outlay of, amongst others, of \$57,000 for organizational expenses?

Mr. JANSSON. Yes, sir; I recognize the figure.

Mr. KENNEDY. Was there an original expenditure of \$95,000 that was reported to you?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Would you tell us what that was for, the original \$95,000?

Mr. JANSSON. The original \$95,000 was a payment to the Mutual Title Co., reported as a deposit on the purchase of a building. Two weeks later the title company returned the check on request and that ended that transaction with the \$95,000 on their records.

Mr. KENNEDY. Had it been a deposit on a building?

Mr. JANSSON. That is what the reported purpose was; yes.

Mr. KENNEDY. Do you know if it was used for any other purpose?

Mr. JANSSON. No, sir.

Mr. KENNEDY. Do you know what building they had in mind?

Mr. JANSSON. No, sir.

Mr. KENNEDY. Did you know that \$57,000 of that \$95,000 was used as a downpayment on 2 personal homes for Mr. Klenert and Mr. Valente?

Mr. JANSSON. No, sir.

Mr. KENNEDY. The \$95,000 was returned?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. And did you, from reading the letter from Mr. Quigley of the Mutual Title Co., understand that that \$95,000 had been as a deposit on a building?

(The witness conferred with his associate.)

Mr. JANSSON. No; not the \$95,000. That went out and came back in.

Mr. KENNEDY. Did you understand that that \$95,000 had been used during that 2-week period that it was as a deposit on a building?

Mr. JANSSON. No, sir.

Mr. KENNEDY. What did you understand the \$95,000 was for?

Mr. JANSSON. As a deposit held by the Mutual Title Co. and returned at the textile workers request.

Mr. KENNEDY. What was the deposit for?

Mr. JANSSON. For the deposit on a purchase of a building.

Mr. KENNEDY. What purchase of a building?

Mr. JANSSON. For the purchase of a building which evidently had not been selected.

Mr. KENNEDY. The building had not been identified?

Mr. JANSSON. The building had not been identified.

Mr. KENNEDY. Was there a later time in the middle of May 1952, when there was some organizational expenses?

Mr. JANSSON. Yes, sir. In May of 1952, as part of their expenditures for what was recorded as special organizing campaign, there was a total of \$142,000, which included salaries and expenses of various men out in the field. It included \$74,500 in checks made out to cash. Prior to this time, no checks had been made out to cash identified as for organizational purposes.

The checks had been made to payees, to whom it was due. These checks made out approximately the same time to cash in large amounts—if I may in a moment refer to my notes and give you the details—they attracted or aroused our curiosity. We went to the two banks which they were drawn on, first the City Bank. They told us that certain checks made out to cash which were shown on the books as

being for organizing expense in various areas had actually been exchanged for cashiers checks. They showed us the cashiers checks. They had been endorsed by—I will refer to my notes to make sure.

Mr. KENNEDY. You may refer to them now.

Mr. JANSSON. Thank you.

(The witness conferred with his associate.)

Mr. JANSSON. Three checks were made out to cash on the City Bank, were exchanged for cashiers checks, one for \$13,000, one for \$7,000, one for \$10,000. Cashiers checks were issued in like amount to Anthony Valente, endorsed by Anthony Valente, endorsed and deposited by the Mutual Title Co.

Those were the only details the City Bank could give us on the checks made out to cash.

We went to the Liberty National Bank and found that 4 checks had been presented to them made out to cash, in exchange for those 4 checks, being for \$7,000, \$8,000, \$5,000, and \$7,000, drafts were issued in like amounts to Lloyd Klenert endorsed by Lloyd Klenert endorsed and deposited by Mutual Title Co. The balance of the checks totaling the \$84,500—\$74,500, correction, were made to cash in various denominations from \$500 to \$6,000. A number of them had no endorsements. A number of them were endorsed by the bookkeeper in the office. They were recorded as being expenses incurred in Canada, Maine, the South, mid-Atlantic States, Massachusetts, Midwest, the international office, Dan River, Canada, and Pennsylvania.

Mr. KENNEDY. You found \$57,000 worth of these checks that had been endorsed over to the Mutual Title Co., did you not?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. What steps did you then take as the accountant?

Mr. JANSSON. We prepared a schedule showing those facts and received written assurance in the form of an affidavit from Mr. Valente and Mr. Klenert that that money was used for the purposes so stated on their records for organizing expense.

The CHAIRMAN. As I understand you now you got an affidavit from them to that effect?

Mr. JANSSON. I did at that time; yes, sir.

The CHAIRMAN. That the money, that \$57,000, was used for organizational expenses?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. They made an affidavit to that effect at that time?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Tell me this: Did you inquire of them as to why the check was made payable to the Mutual Title Co. or was endorsed by the Mutual Title Co. if, in fact, it was organizational expenses?

Mr. JANSSON. Yes.

(The witness conferred with his associate.)

Mr. JANSSON. The statement was made to me by Mr. Valente that he had to use his own cash in connection with these organizing expenses listed as Canadian, New Jersey, North Carolina, et cetera, that this was the only way he could get his money back from the organization.

Mr. KENNEDY. That he had to use his own cash?

Mr. JANSSON. Had to use his own cash in a period, a weekend or something, prior to that.

Mr. KENNEDY. Did you raise the question of how he happened to have this amount of cash, \$57,000 at least?

Mr. JANSSON. I did, but he said he had it in his own private box, his own possession.

Mr. KENNEDY. Did you raise the question about that?

Mr. JANSSON. No, sir.

Mr. KENNEDY. What salary was he getting at that time? \$7,500?

Mr. JANSSON. \$7,500 or \$8,000.

Mr. KENNEDY. Did you raise a question how somebody could have \$57,000 of cash in a box when they were only making \$7,500 or \$8,000 a year?

Mr. JANSSON. Around Washington I wouldn't dare to ask some question because some men making \$5,000 a year, their wives have incomes of \$50,000 a year.

Mr. KENNEDY. Did you understand that was true of Mr. Klenert, that his wife had a large income?

Mr. JANSSON. No, sir. I didn't mean to infer that that had been told to me. I made no inquiry as to why he should have that money lying in his own possession.

Mr. KENNEDY. You secured affidavits from both Mr. Valente and Mr. Klenert that this money, this \$57,000, plus the \$17,500, had, in fact, been used for organizational expenses?

Mr. JANSSON. Yes, sir.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. Approximately what date was this that you took those affidavits?

Mr. JANSSON. In the month of July, prior to the issuance of the report dated July 25.

Mr. KENNEDY. You issued your report then?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. And it showed all of these funds as organizational expenses in the report?

Mr. JANSSON. With a detailed breakdown showing what I have just narrated to you about the issuance of these checks, what was recorded on the books, and what the banks had revealed. That schedule was a part of that report.

Mr. KENNEDY. I am talking about the first report that you issued.

Mr. JANSSON. Yes, sir, that is it.

Mr. KENNEDY. Was that detail as to the organizational campaign, or did they just give a lump sum of \$142,794.92?

Mr. JANSSON. No. The \$142,000, which was the total amount, had a schedule breaking it down, and that schedule breaking it down showed cash of \$74,500.

Mr. KENNEDY. It showed cash of how much?

Mr. JANSSON. \$74,500, for which we prepared another schedule, which was schedule 4, breaking down the \$74,500 which I have reported to you.

Mr. KENNEDY. Is that an unusually high amount for this union, \$74,500 for a 3-month period, for organization expenses, in cash?

Mr. JANSSON. Well, it is the first time there had been any organizational expenses as such, in large amounts to cash. The expenditures of large amounts of money right at this time were not entirely a surprise to me because I was aware of the fact that they were trying to acquire into their organization approximately 40,000 members of their rival CIO union, who were disgruntled in their own organization, and I knew that large sums would probably have to be spent to complete

that affiliation, and in anticipation of that they were trying to borrow funds from other banks in order to help accomplish that purpose.

So the actual amount of money being spent of itself was not surprising at that time, but the fact that the checks were made to cash was not common in that organization.

Mr. KENNEDY. You made this report. Did you have anything to do with it after that, after you filed this report covering the 3-month period, after you filed this report on July 25?

Mr. JANSSON. I did, sir.

The CHAIRMAN. Let us make that report an exhibit so it will be in the record.

The Chair hands you what purports to be a photostatic copy of the audit report about which you are testifying. Will you examine it and identify it, please, so it may be made a part of the record?

(Document handed to witness.)

(The witness conferred with his associate.)

Mr. JANSSON. This is not the report I was talking about, sir. This is a report which I think a question has just been asked me which would bring me into that report.

The CHAIRMAN. Where is the report that you have been talking about?

Mr. KENNEDY. Do you have a copy of that report?

I think that is the report and then you made some changes on that.

Mr. JANSSON. That is correct.

Mr. KENNEDY. I think that can cover both reports.

Mr. JANSSON. Yes. I have all the copies of this report in my files. This is a sixth carbon.

If you want one that is clearer you can have it, by phoning the office, or you can have this one.

Mr. KENNEDY. Which is this report you have in your hand now?

Mr. JANSSON. The one I just described dated July 25, in which I described these schedules breaking down the \$74,500 in cash.

The CHAIRMAN. Can you supply that copy to the committee?

Mr. JANSSON. Yes, sir. You can keep this one until I can have the office send down one of the earlier copies, or the original.

The CHAIRMAN. All right. That report about which you just testified will be made exhibit 33, for reference.

(The document referred to was marked "Exhibit 33," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. This report was filed the 25th of July. After that, did you have anything further to do with this matter beyond that date?

(At this point, Senator Curtis entered the hearing room.)

Mr. JANSSON. Yes. On August 26, I received a phone call requesting a conference on the next day.

The CHAIRMAN. Requesting what?

Mr. JANSSON. Requesting a conference with Mr. Valente and Mr. Klenert.

The CHAIRMAN. Who did the call come from?

Mr. JANSSON. From their office, from the textile workers office.

Mr. KENNEDY. Did you make a memorandum of that call?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Do you have that memorandum with you?

Mr. JANSSON. The original I may not have.

(The witness conferred with his associate.)

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of the memorandum which you made at the time. Will you examine it and identify it, please?

(Document handed to witness.)

(The witness conferred with his associate.)

Mr. JANSSON. That is correct.

The CHAIRMAN. That will be made exhibit No. 34.

(The document referred to was marked "Exhibit No. 34," for reference and will be found in the appendix on p. 3555.)

The CHAIRMAN. The Chair presents to you what he is advised is a subsequent memorandum you made regarding this matter. Will you examine it and state if that is a carbon copy of a subsequent memorandum you made regarding the telephone call?

(Document handed to witness.)

Mr. JANSSON. Yes, sir.

The CHAIRMAN. That will be made exhibit No. 35.

(The document referred to was marked "Exhibit No. 35," for reference and will be found in the appendix on p. 3556.)

Mr. JANSSON. The reason I didn't have these when you asked the question is that those were in the files which Mr. Henig had in his possession.

The CHAIRMAN. All right.

Mr. KENNEDY. You were telling us about what happened. The report was filed on July 25, 1952, and then you said you received a telephone call on August 25, is that right, of 1952?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Do you have a memorandum on that telephone call?

Mr. JANSSON. Yes. I have an abbreviation of this memorandum. I can tell you the contents of it.

Mr. Valente said he and Mr. Klenert had made financial arrangements making it possible to get back the \$57,000 shown in schedule 4 of the report which you have. The check for \$57,000 from the Mutual Title Co., plus the letter from the Title Co.—

Mr. KENNEDY. I think it would be much better if you read the memorandum, rather than to read a summary of it.

Mr. JANSSON. All right.

Mr. KENNEDY. Do you have it there?

Mr. JANSSON. Yes.

On August 26, a call from Mr. Klenert. Asked me to stop by on August 27, Mr. Klenert and Mr. Valente,

designated here as K and V—

handed me a letter with check from Title Co. Upon their return to me of all 6 copies of the report delivered on July 25, they in turn requested the return of their affidavit upon the return of the \$57,000—

Mr. KENNEDY. I am afraid you are going too fast.

They requested what from you?

Mr. JANSSON. I will start at the beginning of that sentence.

Upon their return to me of all 6 copies of the report delivered on July 25, they in turn requested the return of their affidavit upon the return of the \$57,000 from the title company which appeared to have been the principal reason for the affidavit. I acceded to their request and returned the affidavit. The remaining \$17,500 in checks listed in the affidavit over and above the \$57,000 would still have to be explained to proper inquiry, with or without an affidavit. To summarize, the \$57,000 total of checks for which cashier's checks and drafts had

been issued to Mr. Valente and Mr. Klenert, then cleared through the title company, required their written assurance to me. When it came back into the organization treasury from the same title company, then the question—

this was written at that time—

then the question today is whether the officers had the authority to use the money for 3 months as they did. For this reason I returned to Washington on September 8, and compiled the supplement to the August 28 report itemizing the \$57,000 and the \$17,500 totaling \$74,500, all drawn payable to cash.

Mr. KENNEDY. I have some questions that I want to ask you about that.

Mr. JANSSON. Yes.

Mr. KENNEDY. First on the question of the affidavit, did you return all copies of the affidavits to them?

Mr. JANSSON. No, sir.

Mr. KENNEDY. You kept certain copies of the affidavits?

Mr. JANSSON. I returned the signed copy. I have the other copies. The man had those in the file in his possession.

Mr. KENNEDY. Have you turned those over to the committee?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. The Chair hands you what purports to be a copy of an affidavit on blank date, some time in July 1952, prepared apparently for the signature of the president of the UTWA and the secretary-treasurer of the UTWA. Will you examine this photostatic copy and state whether that is a copy of the original affidavit about which you have been testifying?

(Document handed to witness.)

Mr. JANSSON. Yes, sir.

The CHAIRMAN. That is a carbon copy, a photostatic copy of it?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. That may be made exhibit No. 36.

(The document referred to was marked "Exhibit No. 36" for reference and may be found in the files of the select committee and also follows below.)

The CHAIRMAN. The Chair now hands you what purports to be a photostatic copy of a receipt. I will ask you to examine that and state if you identify it, and, if so, relate what it is.

(Document handed to witness. The witness conferred with his associate.)

Mr. JANSSON. Yes, sir.

The CHAIRMAN. What is it, Mr. Jansson?

Mr. JANSSON. It is a receipt where they came from their office to my office for the affidavit.

The CHAIRMAN. That is a receipt for the affidavit?

Mr. JANSSON. Returning the affidavit to them; yes, sir.

The CHAIRMAN. You got a receipt from them when you returned it?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. That may be made exhibit No. 37.

(The document referred to was marked "Exhibit No. 37" for reference and will be found in the appendix on p. 3557.)

Mr. KENNEDY. Mr. Chairman, may we read this affidavit into the record?

The CHAIRMAN. Exhibit No. 36, the affidavit, may be read into the record.

Mr. KENNEDY (reading):

Affidavit. District of Columbia.

Personally appeared before me (blank), a notary public in and for the District of Columbia, Anthony Valente and Lloyd Klenert, president and secretary-treasurer respectively of the United Textile Workers of America, who upon their respective oaths, depose and state as follows:

That all funds described in the following listed checks drawn on the City Bank and the Liberty National Bank, as indicated, were properly used for organizing purposes as stated in the vouchers covering each check and as entered in the disbursements records of the United Textile Workers of America during the period April 1, 1952, to June 30, 1952; enumerated in the following list and described further in schedule 4 of my audit report for the period just stated:

| Date | Number | Payee | Purpose as shown by records | Amount |
|------------------------|--------|-----------|--|----------|
| City Bank: | | | | |
| May 13..... | 35950 | Cash..... | Canadian situation..... | \$13,000 |
| Do..... | 35960 | do..... | New Jersey situation..... | 7,000 |
| Do..... | 35961 | do..... | North Carolina situation..... | 10,000 |
| May 27..... | 36119 | do..... | Expenses incurred, Canada..... | 6,000 |
| June 4..... | 36274 | do..... | Expenses, Lewiston, Maine..... | 1,000 |
| Do..... | 36275 | do..... | Organizing expense, South..... | 1,000 |
| Do..... | 36276 | do..... | Organizing expense, Mid Atlantic States..... | 1,000 |
| Do..... | 36277 | do..... | Organizing expense, Massachusetts..... | 1,000 |
| Do..... | 36278 | do..... | Organizing expense, Midwest..... | 1,000 |
| June 5..... | 36306 | do..... | Extra expense, international office..... | 500 |
| June 16..... | 36427 | do..... | Expense incurred, Dan River..... | 2,500 |
| Do..... | 36428 | do..... | Expense incurred, Canada..... | 2,500 |
| June 17..... | 36496 | do..... | Expense incurred, Pennsylvania..... | 1,000 |
| Liberty National Bank: | | | | |
| May 14..... | A2 | do..... | Organizing expense, New York..... | 7,000 |
| Do..... | A3 | do..... | Organizing expense, Pennsylvania..... | 8,000 |
| Do..... | A4 | do..... | Organizing expense, Midwest..... | 5,000 |
| Do..... | A5 | do..... | Organizing expense, Massachusetts..... | 7,000 |
| Total..... | | | | 74,500 |

Mr. KENNEDY. Is that correct?

Mr. JANSSON. That is correct.

Mr. KENNEDY. There is a blank here for the president of the UTWA and the secretary-treasurer of the UTWA. Is that right?

Mr. JANSSON. That is right.

Mr. KENNEDY. So you kept a copy of this affidavit that you have had made and that had been signed by Mr. Klenert and Mr. Valente?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. And they asked for the return of those affidavits?

Mr. JANSSON. Yes, sir. After the check for \$57,000 from the Mutual Title Co. attached to their letter stating that they were returning this deposit, with regrets, et cetera, they showed me the check and immediately gave it to the clerk for deposit in the National Bank of Washington.

Mr. KENNEDY. Let me get that straight. At that period of time they had given you a check or showed you a check for \$57,000?

Mr. JANSSON. This was on August 27.

Mr. KENNEDY. On August 27, when you had this meeting on which this memorandum is written, they brought you in a check for \$57,000. Is that right?

Mr. JANSSON. From the Mutual Title Co., yes, sir.

Mr. KENNEDY. And said that they were returning that, that that was being returned to the union funds?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Is that right?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. And in return for the affidavits that they had failed out, that this money had been used for organizing expenses, they wanted your auditing account, your auditing record, that you had prepared?

(The witness conferred with his associate.)

Mr. JANSSON. I am sorry, I didn't understand the question.

Mr. KENNEDY. What had they requested of you when they gave you the \$57,000?

Mr. JANSSON. They requested that we revise the report, reducing the organizing expense by that amount of money.

The CHAIRMAN. I understood that you had required them to account for it before hand by this affidavit.

Mr. JANSSON. I had, sir, and when I was shown this letter from a reputable title company, with a check for \$57,000, at that time the check and the letter from the title company seemed to be more concrete evidence of what had happened than what they told me in their affidavit, and I was willing to follow what the letter said, that letter with the check for \$57,000.

The CHAIRMAN. The check for \$57,000 clearly evidenced the fact that the affidavit was not true; did it not?

Mr. JANSSON. That is correct, sir.

The CHAIRMAN. Did that not arouse your suspicion as to these various transactions?

Mr. JANSSON. It did, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. They requested of you that you change your report?

Mr. JANSSON. I agreed to reduce the special organizing expense.

Mr. KENNEDY. That is contained in this memorandum; is that right?

Mr. JANSSON. Yes, sir.

Mr. KENNEDY. Would you read that into the record, please? That is exhibit number—

Mr. JANSSON. They requested—

Mr. KENNEDY. That is exhibit No. what?

Mr. JANSSON. Exhibit No. 35.

Do you want me to start at the beginning?

Mr. KENNEDY. Yes.

Mr. JANSSON (reading) :

Lloyd Klenert called me Tuesday, August 26, requesting conference on Wednesday. Met in Valente's office. Valente said he and Klenert had made financial arrangements making it possible to get back the \$57,000 shown in my schedule 4.

The check for \$57,000 from the Mutual Title Co. plus a letter from the company president was exhibited. The check was then given to clerk for immediate deposit in the National Bank of Washington. I agreed to reduce the special organizing expense by this amount.

They requested the elimination of schedule 4, which, during that conversation, seemed reasonable to me and I agreed, and this change reduced the amount of checks drawn to cash from \$7,450 to \$1,750. They handed me the six copies of original report which had been delivered to them on July 28.

Mr. KENNEDY. They were returning \$57,000 to you. They wanted you, in return, to change your report and reduce the amount that had been charged for organizing expenses, reduce that by \$57,000, is that right?

Mr. JANSSON. I am sorry, sir. If I understood the question, you say that they gave me \$57,000.

Mr. KENNEDY. No. \$57,000—

Mr. JANSSEN. Was shown to me coming from the title company.

Mr. KENNEDY. To the union, is that right?

Mr. JANSSEN. Yes, sir.

Mr. KENNEDY. They wanted you, then, to change the report that you had prepared showing the organizing expenses were less by \$57,000?

Mr. JANSSEN. Yes, sir.

Mr. KENNEDY. And to charge \$57,000 during that period of time to building expenses?

Mr. JANSSEN. No. A deposit on the purchase of a building.

Mr. KENNEDY. A deposit on the purchase of a building. Did you agree to do that?

Mr. JANSSEN. At that time, it seemed reasonable, and I did.

The CHAIRMAN. How would that seem reasonable, after they had made an affidavit that they had spent the money for organizing expenses?

Mr. JANSSEN. A letter from the title company with their check.

The title company was a reputable, established business. The letter with their check for \$57,000 to me was indisputable. To me it meant that the affidavit was not true, and I took the title company's letter in place of the affidavit. I do not agree that I didn't feel that there was something unusual about it, which will follow here in a minute when I describe to you about my supplementing this report.

The CHAIRMAN. Proceed.

Senator MUNDT. At that time, Mr. Jansson, did they give you any reason why they had made a mistake in their original figures of more than half of the total amount that they had sworn they had spent in organizational funds?

Mr. JANSSEN. No, sir.

Senator MUNDT. They did not say anything about that at all?

Mr. JANSSEN. Except, "Here is what that \$57,000 was used for and we have it back."

Senator MUNDT. But they just read that off. They did not say, "Going over our figures, we made a mistake in the \$57,000"? They made no reference to the fact that they had sworn to a falsehood?

Mr. JANSSEN. No, sir.

Senator MUNDT. Or that they had made an error some place and it was a mistake? They ignored that affidavit entirely?

Mr. JANSSEN. I can't say they ignored the affidavit because they asked if since the \$57,500 was for the purchase of a building, that that affidavit was no longer applicable.

Senator MUNDT. They did not ignore it, but they made no effort to explain to you why they were so wrong in their affidavit?

Mr. JANSSEN. No, sir.

Senator CURTIS. I have just a couple of questions.

Who employed you to serve as the auditor of their books? Was it these two officers in question?

Mr. JANSSEN. Not necessarily two officers in question. At the time I went in, I followed up a man who had to retire on account of illness. When I was introduced, I was introduced to the then president, Mr. Garman, and the secretary-treasurer, Mr. Valente.

I was introduced to them as the man who would follow on the man who had been doing it.

Senator CURTIS. To whom did you make an auditor's report?

Mr. JANSSON. To the executive board.

Senator CURTIS. How many copies would you deliver?

Mr. JANSSON. Five.

Senator CURTIS. That is the executive board of the UTWA?

Mr. JANSSON. Yes, sir.

Senator CURTIS. In the due course of things, were you required to give an auditor's report to anyone else?

(The witness conferred with his associate.)

Mr. JANSSON. No, sir.

Senator CURTIS. That is all.

Senator MUNDT. You said you delivered five copies of the report?

Mr. JANSSON. Yes, sir.

Senator MUNDT. Did you deliver the 5 in 1 package, to 1 officer, or did you mail to 5 different addresses the 5 reports?

Mr. JANSSON. I took them in one package to their office.

Senator MUNDT. You delivered them to——

Mr. JANSSON. To the Textile Workers headquarters office.

Senator MUNDT. Probably to the office of the secretary?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of a report on audit, United Textile Workers of America, April 1, 1952, to June 30, 1952. I will ask you to examine this photostatic copy and state if you identify it as such.

Then, I will ask you to point out the changes that you made on it. I assume these changes were made in August, after the report had been previously filed, as you testified.

Mr. JANSSON. Yes, sir.

The CHAIRMAN. If you will please identify that, it will be made exhibit No. 38.

(A document was handed to the witness.)

(The witness conferred with his associate.)

The CHAIRMAN. Do you identify that as a photostatic copy of the audit report?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 38.

(The document referred to was marked "Exhibit No. 38" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You made certain changes. How did you make the changes in that report? I assume that is the original report that you originally submitted?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. And showing \$74,500 as organizational expenses?

Mr. JANSSON. Showing a reduction in the organizing expense from \$142,749.92 to \$85,749.92, a difference of \$57,000. In the schedule was added the item "Deposit on building, see comments, \$57,000."

The CHAIRMAN. How did you make the corrections or amendments to that report, the original report that you prepared and submitted?

Mr. JANSSON. I am sorry. How did I physically——

The CHAIRMAN. How did you make the amendments, modifications, or changes in the original report so that it would constitute an amended report?

Mr. JANSSON. The comments are not attached to this, and I don't have that. The comments describe the deposit on the building, but this, then, was the only report that was in outside hands.

They returned to me all the other copies before this one was issued. This was in their hands from this date, August 28, only until September 8, when the supplement was issued, the September 8 supplement was issued.

Senator MUNDT. In other words, if I understand it, this new report that you now hold in your hand, the revised report, on its face makes no reference to these changes we have been discussing which were made in the original report?

(The witness conferred with his associate.)

Mr. JANSSON. I don't see the comments that were part of this report.

Mr. CUNNINGHAM. This is not a complete report. It is not a complete report here.

Mr. KENNEDY. This letter, is that what you are talking about?

Mr. JANSSON. There must have been the regular comments with it. There are no comments with this at all. The comments which were part of this report are not in it.

The CHAIRMAN. That has been made exhibit 38. The Chair hands you now what may or may not be the comments that you refer to, a photostatic copy of them. Please examine the document I present and tell us what that is.

(Document handed to witness.)

(The witness conferred with his associate.)

Mr. JANSSON. Yes, sir, these are the comments that were with that August—with that amended report.

The CHAIRMAN. Those comments, then, will be made exhibit 39.

(The document referred to was marked "Exhibit No. 39," for reference and will be found in the appendix on pp. 3558-3559.)

The CHAIRMAN. With those comments, does that constitute the complete report?

Mr. JANSSON. No, sir.

The CHAIRMAN. What is lacking now?

Mr. JANSSON. What is lacking now is the supplement which was issued a week following this.

The CHAIRMAN. All right. That will probably come along a little later.

Mr. JANSSON. Yes, sir.

The CHAIRMAN. Senator Goldwater?

Senator GOLDWATER. Mr. Jansson, I want to ask you some questions relative to the duties of these various individuals that you have had contact with as outlined by the constitution, and get your reactions to some of them. You have been the auditor for this organization since 1946?

Mr. JANSSON. Yes, sir, approximately.

Senator GOLDWATER. In that time, I think you have had adequate opportunity to observe the operations of this organization; am I correct?

Mr. JANSSON. Yes, sir. So far as it pertains to the international office here, yes.

Senator GOLDWATER. That is all we are talking about.

Concerning power, under the powers of the president, and I read from section 2 of article IV of the constitution:

All orders and checks drawn on the account of the international union are subject to the approval of the international president.

Mr. JANSSON. Yes, sir.

Senator GOLDWATER. Has he generally followed the practice of approving these checks or orders?

Mr. JANSSEN. Not by actually initialing every order, but I haven't heard of an occasion where he would have refused to initial any one that was handed to him. In other words, in an organization of that size, there are the two men or principal officers who conduct all of the affairs of the organization. One doesn't do much without the other's knowledge. In that case, I think they work together entirely.

Senator GOLDWATER. It is rather obvious that under the constitution these two men can completely control, dominate, the actions of this particular union.

Mr. JANSSEN. Yes, sir.

Senator GOLDWATER. Section 4 of article IV says:

He shall have the power to authorize any representative to audit the books and records of any local union, council, department, or in any other subordinate body, or to engage an accountant for such purpose whenever he deems such necessary.

Do you recollect many such audits have been ordered of locals or subordinates?

Mr. JANSSEN. One time during the period that I was in there they had a man whom they called a traveling auditor, who did audit local union affairs on some assignment basis. He was on a regular salary. He would audit local unions designated by the international office.

Senator GOLDWATER. Were those audits made available to the membership of the local, to your memory?

Mr. JANSSEN. I have no knowledge of that.

Senator GOLDWATER. It is true, also, is it not that the president has the right to fix the salaries of organizers, representatives, administrative, technical, and clerical employees?

Mr. JANSSEN. Yes, sir.

Senator GOLDWATER. And does he fix these on his own counsel, or does he advise with other people in the organization before they are fixed?

Mr. JANSSEN. I have no knowledge of that, sir. But he has that authority.

Senator GOLDWATER. Now getting over to article VI, which pertains to the international secretary-treasurer, he is charged, and I read section 1:

The international secretary-treasurer shall have full charge of and responsibility for the safekeeping of all moneys, securities, or other property of the international union. It shall be his duty and responsibility to maintain adequate records of financial transactions.

I will end the reading there, because the rest does not relate to money.

In your opinion as an auditor, has he kept adequate records of financial transactions?

Mr. JANSSEN. From the standpoint of the mechanical bookkeeping records, such as the cash journals and the general ledger, I would say "Yes." From the standpoint of detailed information on vouchers, I would say "No."

Senator GOLDWATER. That leads into my next question concerning section 3 of this same article, and I read from it:

He shall require that a voucher be filed with him stating the details of any sum expended, and said voucher shall be approved by the international secre-

tary-treasurer and retained at the headquarters to support the check issued in payment of said item.

In the course of your auditing these books over this period of years, have you found what you consider to be adequate vouchers to back up expenditures?

Mr. JANSSEN. In some cases. Let's say in the majority of cases by number, by virtue of the fact that there are a number of vouchers every day for the bills for expenses and necessary operating costs, so, numerically, by number, yes, but in some cases there is not enough detail.

Senator GOLDWATER. Did you consider the vouchers that existed, if they did exist, during the development of this \$74,500 to be adequate?

Mr. JANSSEN. I can't say they were adequate. It was simply a memorandum for the Canadian situation and the southern situation. That is as much information as we could get.

Senator GOLDWATER. But there was no detail?

Mr. JANSSEN. No, sir.

Senator GOLDWATER. Let me ask you this: In the case of vouchers that were issued in years prior to this particular year for organizational purposes, did they go into detail, such as the name of the organizer or group of organizers to whom it was paid?

Mr. JANSSEN. I think, prior to this one period here when this occurred, the individuals were paid on the basis of expense accounts which they sent in each week, and their salaries were nominal, their traveling expenses nominal. Those things, those vouchers, were filed very regularly.

Senator GOLDWATER. And were they complete, or complete enough for you to perform an audit?

Mr. JANSSEN. I should say yes.

Senator GOLDWATER. But, in the case of this \$74,500, they were merely listed as Canadian situation, New Jersey situation, and so forth?

Mr. JANSSEN. Yes, sir.

Senator GOLDWATER. In section 3, also, it says:

The international secretary-treasurer shall make such expenditures of funds as may be necessary and as may be approved by the international president for the conduct of the business of the international union.

So, actually, the situation that is being developed here is permissible under the present constitution.

Mr. JANSSEN. Yes, sir.

Senator GOLDWATER. Do you feel that that is a safe situation for funds of a union or any other organization?

Mr. JANSSEN. No, sir.

Senator GOLDWATER. Have you ever made recommendations to the president or the secretary-treasurer that they tighten up their constitution in relationship to money?

Mr. JANSSEN. No, sir.

Senator GOLDWATER. Let me ask you this: Is that not an ordinary function of a certified public accountant?

Mr. JANSSEN. In a case of this kind, where the constitution gives them the authority to do those things, I can't agree that it would be my function to tell them that that constitution is wrong, and that they should not have that authority. That is established by their convention.

Senator GOLDWATER. Actually, under this constitution, which was revised in October 1956, the type of activity that we are getting into here is perfectly permissible under the provisions of that constitution, and nobody can question them.

Mr. JANSSEN. I would say it is perfectly possible.

Senator GOLDWATER. It is actually permissible, is it not?

Mr. JANSSEN. Under this constitution; yes.

Senator GOLDWATER. Under this constitution, the secretary-treasurer and the president can approve any expenditures that they feel are necessary, and if the construction of two homes for the president and the secretary-treasurer was felt to be necessary by both of these individuals, they could so approve those moneys, and they could not be held accountable, could they?

Mr. JANSSEN. I don't know that that could be done. I don't know that I can agree.

Senator GOLDWATER. That is on page 9, section 3. What I am trying to bring out here, and not trying to be critical of you, is that, in cases prior to this, for instance, the constitution of the teamsters at various levels actually did not prevent the officers from using union funds as they saw fit.

Mr. JANSSEN. I think there is another section here saying that the executive council shall approve. Article VIII, under international executive council, says:

The executive council shall exercise a general control over the affairs and properties of the international union and the local unions.

Senator GOLDWATER. Yes, but they only are reported to once every ing period, which is every 3 months. The treasurer makes a report to the executive council every 3 months, and they cannot hold a special meeting without a third of the members of the executive council asking for it. What they, in effect, are doing is to sort of lock up the door after the horse is gone.

Mr. JANSSEN. Yes.

Senator GOLDWATER. It is not conceivable, either, under this constitution, the way it is written, that the executive council would be too anxious to criticize the president or the secretary-treasurer because, under the provisions of this constitution, these men can be removed. They can be tried. They can receive a trial, but that is also pretty much under the control of those two men.

Mr. JANSSEN. Section 7 of article IV says the president shall be chairman of the executive council.

Senator GOLDWATER. That is correct. What I am trying to develop here is that the power of these two men is absolute, as far as money goes. Let me read one other section here to tighten this down, section 6 of article VI. It says:

The international secretary-treasurer shall sign all checks issued for payment of legitimate debts of the international union which have been approved by the international president.

According to section 3 of article VI, and according to a portion of section 2 of article IV, the legitimate debts are determined by the president and the secretary-treasurer.

Mr. JANSSEN. Correct.

Senator GOLDWATER. So, actually, what we are discussing here, the matter of the president and the secretary-treasurer using union funds

for their own purposes, is not denied in any way at all by this constitution.

Mr. JANSSEN. Except to the extent of article VIII discussing the trustees, article VIII on page 13.

Senator GOLDWATER. Could you explain how the trustees operate?

Mr. JANSSEN. To the best of my knowledge they come in once every 3 months and get the check stubs and the vouchers, and the canceled checks, and look at them. What they report, I don't know. I haven't seen their reports.

Senator GOLDWATER. Have you ever been retained by the trustees to audit the books?

Mr. JANSSEN. At that time, in all this period we are talking about, I had no written engagement from the trustees.

Senator GOLDWATER. In that article VIII, it sets up how they shall be elected, and how long they shall serve, but it says, too:

Shall serve until the next quadrennial convention unless removed by cause for action by the international executive council between conventions.

So if the trustees got a little bit too nose-y, the executive council, which is controlled by the secretary-treasurer, could say "Boys, you have done a pretty good job. It is time for you to leave and go fishing. We want to put somebody else on in your place."

So actually, the president and the secretary-treasurer of this union completely operate the financial affairs, and they are in no way responsible to anybody. Most importantly, they have no responsibility, as described in the constitution, to the membership at large, other than what might trickle down in the way of a financial report, all of the expenditures having been approved by them and by their controlled situation on the executive council, and of the trustees, every 4 years, during the convention. Do you think that is adequate as the only check on these officers?

Mr. JANSSEN. I do not, sir.

Senator GOLDWATER. You, as a certified public accountant, with years of experience in looking at corporate constitutions and looking at agreements of partnerships, would say, then, that this is entirely inadequate for the purpose of protecting union funds?

Mr. JANSSEN. Yes, sir; I would.

Senator CURTIS. Mr. Chairman?

Will you yield, Senator?

Senator GOLDWATER. I just wanted to bring that out. In reading this constitution it is very typical of union constitutions. I don't think they were necessarily drawn up that way with a purpose, but they re-
pose too much responsibility in the men at the top who, in turn, have no responsibility to the men under them. This kind of looseness makes for the abuse of power. That is what I think we are seeing here today, another example of the abuse of power such as we saw during the Beck hearings and the hearings subsequent to that that dealt on the same subject.

I am hopeful again today, as I was yesterday, and I might report that I have been told by the union lawyer, that changes are contemplated in this constitution at their next meeting that will really put some teeth into the responsibility clauses so that we cannot find this going on.

Here we sit today, yesterday and probably next week, talking about money that these men, in our opinion, have used wrong. Yet in the opinion of the constitution, and I hate to say this, they have not used it wrong. I believe that the rank and file members of the Textile Workers Union, when they hear of the looseness with which their dues money can be handled, will rise up and demand changes in this, as I hope will be done by union members all over the country when they find out that their internationals are misusing the money that they paid.

Mind you, \$1.40 out of each member comes into this organization every month. This is not a little bit of money that we are talking about.

By the way, what is the worth now of the International?

Mr. JANSSON. The net worth?

Senator GOLDWATER. Yes.

(The witness conferred with his associate.)

Mr. JANSSON. I can't say offhand, but it is roughly three or four hundred thousand dollars.

Senator GOLDWATER. What is their income annually from dues sources.

(The witness conferred with his associate.)

Senator GOLDWATER. Did we develop how many members there are?

Mr. JANSSON. Roughly 50,000.

Senator GOLDWATER. Then they have about \$56,000 a month income. I will take that back. It is about \$74,000 a month in income.

Mr. JANSSON. Their net worth at the present time is approximately \$327,000. Their income, as you say, is approximately—

Senator GOLDWATER. It is pretty close to a million dollars a year, at \$1.40.

Mr. JANSSON. Yes, roughly that.

Senator GOLDWATER. It is pretty close to a million dollars a year. So we are not talking about a small outfit. We are talking about big business.

That is all I have, Mr. Chairman.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. Chairman, I concur in the observation of the distinguished Senator from Arizona, that this constitution is lacking in many particulars, failing to give the protection to the union members that it ought to. On the other hand, I want to call attention to this:

The expenditures the secretary-treasurer can make, with the approval of the president of the union, must be necessary for the conduct of the business of the international union.

It does provide that, does it not?

Mr. JANSSON. Yes.

Senator CURTISS. What I mean is this constitution does not give them authority to spend for something if it is clearly outside the necessary conduct of the union's business; is that right?

Senator GOLDWATER. Would the Senator yield?

Senator CURTIS. Yes.

Senator GOLDWATER. If you will look under the duties of the president and the secretary-treasurer, they can determine what is the business of the union. While it does not spell out houses as one of them, they can determine that having a house is a necessary function, and they can use money for it.

Senator CURTIS. I would not quite agree. I think that on a close question, they have a great deal of authority, but I do not believe they could use their discretion to their own personal advantage to that extent. I think that any court would hold that the purchase of homes for leaders would have to have some specific authorization.

At the same time, I agree with you that the document itself is very lacking.

There is nothing in that power vested in the secretary-treasurer or the president that would justify the issuing of a voucher for a purpose other than for what the money was actually spent, is there?

Mr. JANSSEN. No, sir. Your statement is correct, sir.

Senator CURTIS. That is all, Mr. Chairman.

Senator MUNDT. I would like to call your attention, Mr. Jansson, to the language at the top of page 14, under the duties and responsibilities and authorities of trustees, in article VIII. It says:

The international secretary-treasurer shall fix the date and time when the trustees and the certified public accountant retained by them shall conduct the audit and examination of the financial records of the international union.

My question to you is whether, as the certified public accountant who examines these books, you were retained by the trustees in conformity with the constitution, or were you retained by the officers of the union?

Mr. JANSSEN. When I was called in in 1946, the only formality was that I was to succeed the man who had to retire because of illness, and follow him and address the reports to the executive board, as have ever since.

Senator MUNDT. You have no contract with the union, as such?

Mr. JANSSEN. Not as such.

Senator MUNDT. Did your predecessor have a contract?

Mr. JANSSEN. Not to my knowledge. I believe a contract, in the way that we think of it, is not too common in this type of auditing. It is agreed that you do the job until you either retire from it or they dismiss you.

Senator MUNDT. Would it be accurate to state that your relationships with the union and your transmission of your certified reports have been made with the officers of the union rather than with the trustees?

Or have you reported directly to the trustees?

Mr. JANSSEN. No, sir. Our audit reports have been made independently of the trustees' presence in the city and have been addressed to the executive board. I believe there have been a number of occasions when they called us and asked when they could have the report so they wouldn't have the trustees come in until our report was completed.

Senator MUNDT. It seems to me that there has been some violation of the constitution on the part of either the trustees or the officers, because the constitution provides that the accountants should be employed by them and presumably report to them, if they are going to serve as an auditing committee, whereas the men who are being audited get the report.

That is not the way in which most organizations operate for an audit. Of course, in your concern you work for the people who tell you to get out the report and you give it to the people in question.

I am talking about this constitutional matter Senator Goldwater was going into. In that connection, it would appear, at least, that the trustees have been somewhat lax in delegating their responsibility to the people who are being audited rather than accepting it as a committee to examine the auditor's report.

The CHAIRMAN. May we get back to this auditing report, the one that has been made exhibit 38. I believe that is the one you have been testifying to; is that correct?

Mr. JANSSON. Yes, sir.

The CHAIRMAN. Which one has the penciled corrections on it? What exhibit is that?

Mr. JANSSON. No. 38.

(At this point Senator Mundt withdrew from the hearing room.)

The CHAIRMAN. That is as you originally reported, that is your original report, except that you have made penciled changes on it after it was determined that you would make a supplemental report, or an amended report? You made changes on that, in pencil, did you, to indicate how the final report or the supplemental report would be written up?

Mr. JANSSON. Yes, sir. Those penciled changes, as they show in this copy which you have given me a photostatic copy of, those are for the benefit of the typist to retype these in complete type form.

The CHAIRMAN. And it was retyped?

Mr. JANSSON. It was retyped; yes, sir.

The CHAIRMAN. Now I hand you what purports to be a photostatic copy of the final report that you made, the one that was retyped, based on the changes made in pencil in the original report. I ask you to examine it and identify it.

(Document handed to witness.)

Mr. JANSSON. Yes, sir. This is the report typed with those corrections indicated in that report: yes, sir.

The CHAIRMAN. That may be made exhibit No. 40.

(The document referred to was marked "Exhibit No. 40," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. You wrote a letter that we discussed there?

Mr. JANSSON. I beg your pardon?

Mr. KENNEDY. You wrote a letter at the same time discussing these items? Is that a letter?

Mr. JANSSON. That is the comments which became detached from this.

Mr. CUNNINGHAM. That is part of this report here.

Mr. KENNEDY. In the comments dated August 28, 1956, you state in the paragraph regarding the \$74,500 and I quote:

Checks issued during this period were examined for signatures and endorsements. In the course of the examination, the inadequacy of recorded information concerning certain expenditures made by checks payable to cash was called to the attention of your president and secretary-treasurer. Correspondence between this organization and the Mutual Title Co. in August indicates that \$57,500 of such checks was used as a deposit on certain property for the United Textile Workers of America. This amount was returned to the organization on August 27, 1952, and deposited in the National Bank of Washington on that day. The letter of transmittal by the Mutual Title Co. under date of August 26, 1952, states as follows—

We will have that later on.

I wonder, as an accountant, why you did not point out in this letter, in these comments, what actually had happened and about the fact

that you had received these affidavits, and that the affidavits had been returned.

Mr. JANSSEN. Well, at that time it seemed reasonable during that conversation. But that seeming reasonable didn't last overnight, and within a week I had supplemented that statement.

Mr. KENNEDY. Wasn't that supplemented only after you met with Mr. Meany?

Mr. JANSSEN. It was going back to my original report of June 30 which has those things in it, and I decided it should remain in it, and issued the supplement. At the same time is when my friend called me and said they wanted more details, and that fit right into the schedule with what I already determined had to be, that we had to go back to that original June 30 report.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. Weren't your responsibilities as an accountant such that you should have put this other information in, Mr. Jansson?

(The witness conferred with his associate.)

Mr. JANSSEN. At the time that letter from the title company—

Mr. KENNEDY. I am not talking about that. You had certain independent information. I agree with you that the letter from the title company is most misleading, in view of the true facts. But you had certain independent information yourself. Don't you think you should have incorporated that information into this report?

Mr. JANSSEN. That information that I had at that time is what I did incorporate in the September 8 supplement to become part of this report.

Mr. KENNEDY. I am not talking about the supplement. I am talking about August 28. We will go on to what happened in September. But as of August 28, when you filed this report, No. 1, you changed your report; No. 2, they had given you affidavits as to certain facts and requested the withdrawal of those affidavits and stated that those facts were incorrect. You had that information and yet you did not mention that in your report. Don't you think you should have, Mr. Jansson?

Mr. JANSSEN. I do, sir.

Mr. KENNEDY. You ultimately did, after you met with Mr. Meany, is that right?

Mr. JANSSEN. No, sir. I was out of the city. I was up in Maine, in the woods.

Mr. KENNEDY. You had information that Mr. Meany was interested in this matter?

Mr. JANSSEN. When I returned to the city I had such information, but I didn't sleep nights until I got that made up.

Mr. KENNEDY. You made a supplement, is that right?

Mr. JANSSEN. Yes, sir.

Mr. KENNEDY. That supplement was on September 8?

Mr. JANSSEN. That supplement was September 8.

The CHAIRMAN. The Chair hands you exhibit 24, which has already been made a part of this hearing, and two other photostatic copies of documents, one page documents. I will ask you if exhibit 24, together with the other two photostatic copies of letters which I hand you, constitute your supplemental report.

(Documents handed to witness.)

The CHAIRMAN. Examine them and if you identify those two documents, we will make them exhibits.

(The witness conferred with his associate.)

Mr. JANSSON. Yes, sir.

The CHAIRMAN. Those two additional photostatic copies which you identify, and say which together with exhibit 24 constitute the supplement report, those two additional documents will be made exhibit 24-A and B so that they will appear at the proper place in the record.

(The documents referred to were marked "Exhibits 24-A and B" for reference and will be found in the appendix on pp. 3542-3543.)

Mr. KENNEDY. You received information at that time, Mr. Jansson, that Mr. Meany was interested in this matter and felt that the report that had been filed was not adequate?

Mr. JANSSON. I had information that they were trying to make a loan from the American Federation of Labor or from banks, whoever would lend them the money, yes.

The CHAIRMAN. That who was trying to make a loan?

Mr. JANSSON. The United Textile Workers of America was trying to make a loan to help this unusual organizing campaign which was underway at that time.

The CHAIRMAN. They were trying to secure a loan, not make one.

Mr. JANSSON. I am sorry. Trying to secure a loan.

Mr. KENNEDY. Could I read this letter of September 8? It is addressed, Mr. Chairman, to the International Executive Board, United Textile Workers of America.

The CHAIRMAN. It may be read.

Mr. KENNEDY (reading):

Gentlemen, in connection with my report of June 30, certain pertinent comments must be added and are herewith stated to become part of that report. During the actual course of the audit I was given the unequivocal assurance of the president and secretary-treasurer that certain checks drawn payable to cash were used for proper organizing purposes. A schedule of these checks is attached herewith. On August 27, a letter from the Mutual Title Co., with the title company's check for \$57,000, was exhibited to me. This was the first time any mention had been made to me by the president and secretary-treasurer that these disbursements were made for a building. Since the letter from the title company describes the refund as a deposit, the same description is used in the disbursements schedule in my report. Since a copy of my report has been given to the American Federation of Labor and possibly to others in connection with the current efforts of your president and secretary-treasurer to obtain outside financial aid, it is my considered opinion it is essential that the foregoing comments in connection with the accompanying schedule be attached to and made a part of my report dated August 28, 1952, covering the period from April 1, 1952 to June 30, 1952.

Mr. CUNNINGHAM. Did you have a question, Mr. Kennedy?

Mr. KENNEDY. No.

The CHAIRMAN. Thank you very much, gentlemen.

Mr. KENNEDY. May I just ask you this: You remained as their auditor after this?

Mr. JANSSON. No, sir, I didn't. I did not. I withdrew at that time because of this situation which was questionable, to say the least.

Mr. KENNEDY. Thank you.

The CHAIRMAN. Who is the next witness?

Mr. KENNEDY. Mr. Quigley, Mr. Chairman.

The CHAIRMAN. Come forward, Mr. Quigley.

(Committee members present at this point: Senators McClellan and Curtis.)

TESTIMONY OF MARTIN J. QUIGLEY—Resumed

The CHAIRMAN. You have previously testified, Mr. Quigley. You are being recalled. You remain under the same oath.

Mr. KENNEDY. You testified, Mr. Quigley, that \$57,000 had been given to you by Klenert and Valente for a payment on their building, is that correct, on May 15, a payment on their two homes?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. I show you a letter dated August 25, 1952.

The CHAIRMAN. This letter is addressed to you and signed by Mr. Lloyd Klenert. It purports to be a photostatic copy of the original. Will you examine it and state if you identify it?

(Document handed to witness.)

Mr. QUIGLEY. Yes, I recognize the letter.

The CHAIRMAN. That may be made exhibit No. 41.

(The document referred to was marked "Exhibit No. 41" and follows below:)

Mr. KENNEDY. May I read this into the record?

The CHAIRMAN. You may.

Mr. KENNEDY. It is dated August 25, 1952, and addressed to Martin Quigley, Mutual Title Co., 917 15th Street, NW., Washington, D. C.

DEAR MR. QUIGLEY: You now have in your possession \$57,000 belonging to the United Textile Workers of America, which you are holding as a deposit on certain property which is identified as parcel No. 2 for the United Textile Workers of America. Inasmuch as we have certain organizational problems which require cash to meet certain expenses that we did not anticipate three months ago, I am requesting that you return this \$57,000 and forego the possibilities of the purchase of a building for the United Textile Workers of America until such some in the future as we may be in a position to expend money for this purpose.

Very truly yours,

LLOYD KLENERT,
International Secretary-Treasurer.

What was your reaction when you got that letter, Mr. Quigley?

Mr. QUIGLEY. That letter was simultaneous with the deposit of \$57,000 which I returned pursuant to the letter. But between May and August, I did not have the \$57,000 on deposit as is indicated in that letter of May 15.

Mr. KENNEDY. Did you write him back to that effect, so that the records of the Textile Union would know that?

Mr. QUIGLEY. No, I did not.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of your reply to Mr. Klenert's letter of August 25, which you have identified, and which has been made exhibit 41. Will you examine this photostatic copy and state if you identify it is such?

(Document handed witness.)

Mr. QUIGLEY. Yes, I wrote that letter.

The CHAIRMAN. That will be made exhibit 42.

The CHAIRMAN. Do you want to read that into the record?

Mr. KENNEDY. If you please, Mr. Chairman.

The CHAIRMAN. It may be read into the record.

(The document referred to was marked "Exhibit No. 42" and follows below.)

Mr. KENNEDY. This is dated August 26, 1952, addressed to Mr. Lloyd Klenert, secretary-treasurer, United Textile Workers of America, 818 13th Street NW., Washington, D. C.

DEAR MR. KLENERT: Receipt is acknowledged of your letter of August 25th. As requested therein, I am enclosing herewith our check for \$57,000 which represents the deposit that the United Textile Workers of America had with the Mutual Title Co., and which we were holding for the purchase of certain property which is identified as parcel No. 2 by the United Textile Workers of America.

I am very sorry that you were not able to consummate the purchase of a building for your organization at this time, but I can readily appreciate your desire to hold this in abeyance because of the certain organizational expenditures you now have which were not anticipated when this deposit was made. I trust that if in the future when you are again in the position to invest money of the United Textile Workers of America in a building site, we may be in a position to assist you.

Very truly yours,

MARTIN J. QUIGLEY,
Mutual Title Co.

That letter is completely false, is it not, Mr. Quigley?

Mr. QUIGLEY. Not completely, no.

Mr. KENNEDY. It is addressed to Mr. Klenert.

Mr. QUIGLEY. I returned the \$57,000 with that. But the \$57,000 was deposited simultaneously when that letter was written.

Senator CURTIS. Who dictated that letter?

Mr. QUIGLEY. I am afraid I did.

Senator CURTIS. Who else was present?

Mr. QUIGLEY. Well, I wouldn't know, Senator, after 5 years. It is possible Mr. Klenert was there. The wording about the organizational difficulties would indicate he was there. I knew nothing about their difficulties.

Senator CURTIS. Was the letter personally handed to him or was it mailed?

Mr. QUIGLEY. I couldn't say.

Senator CURTIS. You wouldn't say that he didn't make some suggestions on what should go into that reply?

Mr. QUIGLEY. I would say he did make the suggestions because of the wording of organizational difficulties. I knew nothing of his organizational difficulties, so he had to have been present.

Senator CURTIS. Though you can't remember all the details back that far, you are of the opinion that he made suggestions as to what he would like to have in that letter?

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. The Chair presents to you what appears to be a photostatic copy of a \$57,000 check to which the letter refers, and asks you to examine it and identify it, please, sir.

(Document handed witness.)

Mr. QUIGLEY. Yes, that is my company check.

The CHAIRMAN. That may be made exhibit No. 43.

(The document referred to was marked "Exhibit No. 43" for reference and will be found in the appendix on p. 3560.)

Mr. KENNEDY. I want to ask you about this letter. This is the letter from you:

I am enclosing herewith our check for \$57,000 which represents the deposit the United Textile Workers of America had with the Mutual Title Co.

Is that true?

Mr. QUIGLEY. I had \$57,000 on hand when I wrote the letter.

Mr. KENNEDY. I am not talking about that now, Mr. Quigley.

Mr. QUIGLEY. I just admitted that I did not have it between May and August.

Mr. KENNEDY. Then that statement is not true?

Mr. QUIGLEY. It is true in substance.

Mr. KENNEDY. You have spent it?

Mr. QUIGLEY. I had returned the \$57,000. They arranged for a new \$57,000 which I returned to them with that letter. It was done simultaneously.

Mr. KENNEDY. How long had you had the check on deposit for \$57,000? How long had you had it on deposit?

Mr. QUIGLEY. Overnight, possibly.

Mr. KENNEDY. You knew that is not what they were referring to in that letter, Mr. Quigley.

Mr. QUIGLEY. Yes, I knew it.

Mr. KENNEDY. Why did you mislead them by writing such a letter?

Mr. QUIGLEY. Mislead who?

Mr. KENNEDY. Mislead the trustees. Mislead the auditor of the United Textile Workers of America.

Mr. QUIGLEY. I was dealing with Mr. Klenert and Mr. Valente. My opinion was that they were the union, that they represented the union, and nobody was being fooled because they were the union, in my opinion.

Mr. KENNEDY. You didn't think that you had any responsibilities in this area, if it was clear to you, as it must have been, that they were using union funds for their own personal benefits?

Mr. QUIGLEY. I didn't know there was anything that prevented it.

Mr. KENNEDY. And you felt free to use those funds, and take part in that scheme?

Mr. QUIGLEY. I thought that was the custom in the union.

Mr. KENNEDY. Just as long as you made some money out of it, that was what was important?

Mr. QUIGLEY. I had made the money out of it that I was going to make and not in August of 1952. I got one fee in May and no other fees.

Mr. KENNEDY (reading) :

I am sorry that you were not able to consummate the purchase of a building for your organization at this time.

That was a misleading statement, was it not?

Mr. QUIGLEY. No, it wasn't, because on one occasion I went out and looked at a building to try to interest them in it.

Mr. KENNEDY. But that was not what they were talking about at this time, was it?

Mr. QUIGLEY. They say—you have the letter. I don't know. They say they have given up the idea of buying a building. I had looked at one property for them with a view of interesting them in it.

Mr. KENNEDY. Did you assist them at all in getting the \$57,000 that should be paid back?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. What steps did you take to assist them?

Mr. QUIGLEY. I had a call from Mr. Parker Nolan asking me if I knew of any source where they could raise a collateral loan. I asked him what the collateral was, and he mentioned 3 second trust

notes, 2 on the Kensington properties, 1 on a piece of property that Mr. Klenert owned in Takoma Park, and some automobile titles. I am not a real-estate broker. I called a man who is in that business at the American Co.

Mr. KENNEDY. At where?

Mr. QUIGLEY. The American Co. I asked him could he arrange a collateral loan. He said he would see what he could do.

Mr. KENNEDY. Who did you call?

Mr. QUIGLEY. Mr. Fisher.

Mr. KENNEDY. What was Mr. Fisher's business?

Mr. QUIGLEY. Mr. Fisher is the American Co. It is a mortgage discount company.

I felt that this borrowing on second trusts and automobile titles was not a bankable proposition, so I called him. He arranged it. So I was instrumental in getting—

Mr. KENNEDY. What did he arrange?

Mr. QUIGLEY. He arranged a collateral loan on the items that I have just mentioned.

Mr. KENNEDY. How much did he arrange that Mr. Klenert and Mr. Valente would borrow?

Mr. QUIGLEY. Only from recollection, it is something around \$32,000 or \$33,000.

Mr. KENNEDY. What did you get out of that?

Mr. QUIGLEY. I got nothing out of it.

Mr. KENNEDY. You did not receive any money at all?

Mr. QUIGLEY. I got a check from Mr. Fisher because the American Co. was and is indebted to me, and still is. I have an account from them in the hands of a lawyer to file suit for the balance of the money due me.

Mr. KENNEDY. What did you receive?

Mr. QUIGLEY. I received a third of \$2,000, \$666.

Mr. KENNEDY. Then why do you say you did not receive anything out of it? You received \$666.

Mr. QUIGLEY. Your question I interpreted to mean in remuneration, and I got none. That was a return of an investment I had put into that American Co. 3 years before.

Mr. KENNEDY. How much had you put in that company?

Mr. QUIGLEY. I put in about \$1,500 cash and a note that was about due that I owned for \$6,000.

Mr. KENNEDY. Why do you say you got a third of \$2,000? What is the \$2,000?

Mr. QUIGLEY. That was evidently the commission on the sale of this note. Mr. Fisher got \$1,333, and he gave me back, as a return of my investment in that company, one-half of that, owing me money, I could have grabbed the whole thing when I had it in my hands to disburse.

Mr. KENNEDY. What do you mean by that, again?

Mr. QUIGLEY. I mean that the American Co.—

Mr. KENNEDY. Did you get a third of all the profits of the American Co.?

Mr. QUIGLEY. The American Co. was a loss to me. They still owe me money.

Mr. KENNEDY. Were you getting all of the profits of any of their transactions?

Mr. QUIGLEY. There never were any profits.

Mr. KENNEDY. Why did you get it on this case?

Mr. QUIGLEY. Because that is money that I put into the company that they used to pay salaries and rent.

Mr. KENNEDY. Why was it only on this transaction that you got the money back?

Mr. QUIGLEY. I got it on other transactions.

Mr. KENNEDY. You did get it on other transactions?

Mr. QUIGLEY. Whenever they made any kind of a payment, I think I got \$500 once and \$100 another time.

Mr. KENNEDY. But you got \$666.67 for what you did on this transaction?

Mr. QUIGLEY. Not for what I did on this transaction. I got nothing out of this transaction.

Mr. KENNEDY. Let me show you the check.

Mr. QUIGLEY. Mr. Fisher paid me a debt he owed me.

The CHAIRMAN. The Chair hands you a check, a photostatic copy of one, dated August 27, 1952, made to you, signed by John Fisher. I ask you to examine the check.

It is in the amount of \$666.67. I ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. QUIGLEY. Yes, sir.

The CHAIRMAN. It will be made exhibit No. 44.

(The document referred to was marked "Exhibit No. 44" for reference and will be found in the appendix on p. 3561.)

Mr. KENNEDY. What does it state on the check?

Mr. QUIGLEY. It says, "Martin J. Quigley, attorney, Nolan-Textile Union."

Mr. KENNEDY. What does that mean?

Mr. QUIGLEY. I don't know. Mr. Fisher will have to answer that. That is evidently his record.

Mr. KENNEDY. Is it not fairly clear that it was in connection with the textile union, your arranging this loan, your arranging this note for them?

Mr. QUIGLEY. No, that was not the intention, and that is not what the money was for.

The CHAIRMAN. Why would he put that on there?

Mr. QUIGLEY. I don't know.

The CHAIRMAN. Why would you cash it if it was on there and you did not know about it?

Mr. QUIGLEY. I have known Mr. Fisher for 15 years and have dealt with him during that time. I paid no attention to that notation. It meant nothing to me.

The CHAIRMAN. It is quite common practice to write on a check what it is for.

Mr. QUIGLEY. He is identifying it, I guess, for where the funds were coming from, I guess.

The CHAIRMAN. It was coming out of his bank account.

Mr. QUIGLEY. But he owed it to me and still owes it to me.

The CHAIRMAN. I am not questioning that, but you must agree, I am sure, that ordinarily a notation on a check like that is intended to indicate the purpose for the payment, is that not correct?

Mr. QUIGLEY. I can only say that he put it on there to identify the case in his office.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Quigley, if there is any misappropriation of misuse of union funds during this period of time by these officials, you were certainly a part of it. You wrote this letter of May 15, which was entirely misleading, and then you wrote this letter of August 26, 1952, which was misleading, which shows that you were involved in it, and knew what was going on.

As a lawyer here in the District of Columbia, and as a person who had certain responsibilities as an official in the Mutual Title Co., I would think that you would have considered your position at that time.

Mr. QUIGLEY. None of these things have any connection with me as an attorney. I have never used that office—these transactions were in a title company, in a corporation, of which I am president.

Mr. KENNEDY. If a jeweler is handling funds or goods that he knows have been stolen, he is going to be held responsible. If a person in a mutual title company is handling funds that he knows have been misappropriated or misused, certainly he should be held responsible, particularly as an officer of the court, as a lawyer, as you are.

Mr. QUIGLEY. Being an officer of the court has nothing to do with this. I am not acting as an officer of the court. I am not acting as an attorney, and I am not collecting attorney's fees.

Mr. KENNEDY. You wrote two letters that were completely misleading. The one of August 26, Mr. Jansson says was the basis of their report, which was entirely misleading, the report was misleading and he says it was based on your letter.

He says the Mutual Title Co. had some reputability, and he wrote his report based on that letter. Will you explain this for the committee at all, explain your actions?

Mr. QUIGLEY. No. I don't think there is any explanation. I will admit I wrote the letter of May 14. I will admit it was indiscreet.

Mr. KENNEDY. What about the one on August 26?

Mr. QUIGLEY. On August 26, I was merely returning the money that was deposited with me possibly the day before.

Mr. KENNEDY. And you were making misleading statements in the letter.

Mr. QUIGLEY. The window dressing, no doubt, was suggested, and I put it in.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. No.

The CHAIRMAN. Senator Curtis, have you anything further?

Mr. KENNEDY. Did you handle the money that ultimately was raised by Mr. Klenert and Mr. Valente? Did you handle that money for them?

Mr. QUIGLEY. What do you mean ultimately raised?

Mr. KENNEDY. During this period of August 1952 you helped Mr. Klenert and Mr. Valente to raise \$33,000 yourself. Did you handle any of the rest of the money for them?

Mr. QUIGLEY. The entire amount was deposited with the Mutual Title and I drew that check back to the union for the \$57,000 with that letter of August 26.

Mr. KENNEDY. How much money was raised?

Mr. QUIGLEY. \$57,000.

Mr. KENNEDY. How much money did they raise altogether that you deposited?

Mr. QUIGLEY. I am going to fathom a guess; \$59,900.

The CHAIRMAN. The Chair hands you what purports to be a deposit slip, a photostatic copy of one, dated August 26, 1952. Examine it, please, sir.

(A document was handed to the witness.)

The CHAIRMAN. State if you identify it, Mr. Quigley.

Mr. QUIGLEY. Yes, I said \$59,900 and the deposit in this case is \$60,100. So from memory that isn't bad.

The CHAIRMAN. That will be made exhibit No. 45.

(The document referred to was marked "Exhibit No. 45" for reference and will be found in the appendix on p. 3562.)

Mr. KENNEDY. Our records show that \$57,000 of that went to the United Textile Workers. Is that correct?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. \$200 went to Sol Rosenblatt.

Mr. QUIGLEY. Yes.

Mr. KENNEDY. Who is Sol Rosenblatt?

Mr. QUIGLEY. He is the party who put up the check shown on that deposit slip. He was the ultimate purchaser of the collateral loan.

Mr. KENNEDY. Do you mean the \$33,000?

Mr. QUIGLEY. Yes, if that is the amount of the note. I don't know.

Mr. KENNEDY. Then there is \$666.67 payable to Louis Yudelevit?

Mr. QUIGLEY. Yes.

Mr. KENNEDY. Who was he?

Mr. QUIGLEY. He has offices with Mr. Fisher. When I called Mr. Fisher about arranging the loan, he took it up with Mr. Yudelevit and Mr. Yudelevit, I believe, contacted Mr. Rosenblatt.

Mr. KENNEDY. And then \$1,333.33 payable to John W. Fisher. Who is John W. Fisher?

Mr. QUIGLEY. He is the American Co., and a realtor and dealer in notes.

Mr. KENNEDY. And then a check for \$900 payable to M. Parker Nolan.

Mr. QUIGLEY. That was a commission paid to him. The total commission was \$2,900, I would think.

Mr. KENNEDY. For what reason was the commission paid to him?

Mr. QUIGLEY. Well, when you have an unbankable proposition, you go out to people that deal in notes, and it is customary to sell them at discounts and that was the discount.

Mr. KENNEDY. That is what he got for his commission, Nolan, \$900?

Mr. QUIGLEY. Yes.

The CHAIRMAN. The witness will stand aside.

The committee will stand in recess until 2 o'clock Monday afternoon.

(Members of the select committee present at the taking of the recess were: Senators McClellan and Curtis.)

(Whereupon, at 4:15 p. m., the hearing in the above-entitled matter was recessed, to reconvene at 2 p. m. Monday, July 22, 1957.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

MONDAY, JULY 22, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator John F. Kennedy, Democrat, Massachusetts; Senator Pat McNamara, Democrat, Michigan; Senator Barry Goldwater, Republican, Arizona, Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

(Members of the select committee present at the convening of the session: Senators McClellan, Ives, and Goldwater.)

The CHAIRMAN. The committee will come to order.

We will resume public hearings today in the inquiry the committee is making into the United Textile Workers.

Who is your first witness?

Mr. KENNEDY. Mr. George Meany.

The CHAIRMAN. Mr. Meany, will you come forward, please?

You will be sworn. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MEANY. I do.

TESTIMONY OF GEORGE MEANY

The CHAIRMAN. Mr. Meany, will you state your name, your place of residence, and your business or occupation, please, sir?

Mr. MEANY. My name is George Meany; residence 8819 Burdett Road, Bethesda, Md. My position is president of the American Federation of Labor and Congress of Industrial Organizations.

The CHAIRMAN. Before I proceed further, I am sure you are familiar with the rules of the committee, that you are entitled to have counsel present if you desire, while you testify.

Mr. MEANY. Yes.

The CHAIRMAN. Do you waive that right?

Mr. MEANY. Yes.

The CHAIRMAN. Do you have someone else with you whom you might want to confer with?

I thought maybe you have some of your staff with you.

Mr. MEANY. I have my staff here.

The CHAIRMAN. It is perfectly all right. If you want to identify them for the record, it is all right.

How long have you been president of the AFL-CIO?

Mr. MEANY. Since December 5, 1955.

The CHAIRMAN. And prior to that time, what official position did you hold in the labor movement?

Mr. MEANY. I was president of the AFL from November 25, 1952, up until its merger with the CIO in December of 1955, and prior to that time I was secretary-treasurer of the AFL from January 1, 1940, up until I became president.

The CHAIRMAN. Thank you very much.

Mr. Counsel, you may proceed.

Mr. KENNEDY. Mr. Meany, our records show that on May 12 or May 15, Mr. Klenert and Mr. Valente, both of the United Textile Workers of America, came to see you about raising some money for an organizational drive that they were undertaking. Do you remember that?

Mr. MEANY. Well, I remember them coming to see me. I wouldn't be sure of the exact date.

(At this point, Senators Kennedy and Mundt entered the hearing room.)

Mr. KENNEDY. Our records show it was either May 12 or May 15. I wonder if you can tell us what occurred at that meeting and what occurred after that. That was 1952.

Mr. MEANY. In the early part of May I would say, in 1952, Klenert and Valente told me that they wanted to come in and see me. I don't know just—I can't recall just what the circumstances of the meeting were, but they wanted to come in and see me about getting a loan or a donation from the AFL to assist them in their organizing work.

In Boston in that year, in May, in the latter part of May, they announced an alliance with the former vice president of the CIO Textile Workers who had left that organization and had announced that he was going to form an alliance with the AFL Textile Workers and try to bring his followers into the AFL Textile Union. That occurred in Boston in the latter part of May 1952.

Sometime after that, on my return to Washington, Mr. Klenert and Mr. Valente came in to see me about getting a loan. I think this was sometime in June. I am not positive of the date. It was about getting a loan from the AFL to assist them in this organizing drive.

I, at that time, said, "Well, what is your own financial position? Are you going to spend your own money or are you just going to spend our money, if we give you any? Are you going to spend your own first before you ask us for money?"

And they said, well, that they were going to spend considerable of their own money.

I suggested then that they give me a financial statement showing their own standing financially, before I would recommend to the executive council a loan of any money to them.

They had made it clear that they did not want the matter brought before the executive council unless I was convinced that the AFL should loan them this money.

So, along in August of that year, we had an executive council meeting in Atlantic City, and they came to Atlantic City and brought with them a financial statement of the expenses of their organization for the previous 4 months, I think March, April, May and June were the months covered, and presented me with that statement.

I asked them some questions about it, and told them that I would like to study it and that I would contact them the following morning and let them know what I thought about it.

I did contact them the following morning and told them that I thought it was a phony report.

The CHAIRMAN. Mr. Meany, do you think you might identify photostatic copies of that report?

Mr. MEANY. I think I could.

The CHAIRMAN. The Chair presents to you a series of photostatic copies, I believe of monthly reports, which the Chair understands was presented to you by these gentlemen at that time. I ask you to examine them and state, if you can, whether you identify them.

(Documents handed to witness.)

Mr. MEANY. I think this is the same report. As far as I can see at a quick glance, it is the same report, yes.

The CHAIRMAN. Thank you very much.

That report will be made exhibit No. 46, and beginning with the first month representing it, if there are separate reports, I believe, for—

Mr. MEANY. For 5 months.

The CHAIRMAN. Numbering the first one 46 and then 46-A, B, C, D, and so forth. They will be made exhibits, for reference only, and will not be printed in the record.

(The documents referred to were marked "Exhibit 46-A, B, C, D, and E," for reference and may be found in the file of the Select Committee.)

The CHAIRMAN. Proceed.

Mr. MEANY. So, the following morning, after I examined this report at some length in my room the evening before, I contacted Mr. Valente and Mr. Klenert and I told them that I considered the report a phony report, that it was not an honest report, that there were certain items in there that looked out of place, didn't look proper, and certainly didn't justify the claim that they had spent a large amount of money in this campaign.

The CHAIRMAN. In other words, you became suspicious of it?

Mr. MEANY. I became suspicious, that there was something wrong. However, I told them that if they still wanted to go before the council, that I would arrange for them to come in and see the council that morning.

They said no, that they did not, and Mr. Klenert told me that the question of a loan was no longer important, that the important thing was his integrity, that I had challenged his integrity, and that now the only important thing from his point of view was that he was going to document and justify this report, as he said, down to the last 3-cent stamp.

Mr. KENNEDY. In that connection, was it the organizational expenses particularly in May that caused that?

Mr. MEANY. Of course, Mr. Kennedy, I didn't have a chance in one evening to go really into the entire thing. But the thing that struck me about it was this: This agreement between the dissident group of the CIO Textile Workers, headed by George Baldanzi and the AFL United Textile Workers, was consummated somewhere around May 20 or 22, in around there, towards the last week of May in Boston. And these tremendous organizational expenditures that appeared for the month of May, I just couldn't see how they could have used that much money in a campaign that was hardly underway. It could hardly have been underway more than 1 week in the month of May.

By comparing the previous month's expenses, it looked like this was padded in order—for some reason, of course, which I didn't understand at the time.

Mr. KENNEDY. The record here shows for the organizational expenses in May to be \$119,197.86. general organizational expenses. You felt that figure itself was excessive?

Mr. MEANY. It wasn't that figure. It was the individual expenses of the various organizers in which I compared March, for instance, with May. There would be this lump-sum item of many thousands of dollars which was not used by these organizers as a normal thing, to indicate that there was hall rent, radio time and everything used for these large expenses in the month of May.

I just felt they couldn't have used that amount of money in the month of May because the campaign had really not gotten underway until, really, around the first of June.

It was those items that drew my suspicions at the very outset.

Mr. KENNEDY. And they were listed as general organizing expenses in the South and the Midwest?

Mr. MEANY. Yes. There were certain other items, when I got into it later on, that I questioned, certain checks that were drawn for organizing expenses without any explanation, and they were drawn, evidently drawn, to cash and then supposed to have been allocated to these other places.

As I say, I told them I thought the report was not an honest report, that it was a phony report.

They stated, then, Mr. Klenert stated then, that he was no longer interested in the loan, that his only interest in life was to prove his integrity, and he was going to justify and document this report down to the last three-cent stamp.

Mr. KENNEDY. Mr. Chairman, I might just say in connection with the report of March 1952, the general organizing expenses are listed as \$35,746.86. In April 1952, the general organizing expenses are listed as \$39,130.64. The May one I have put in.

The CHAIRMAN. May was how much?

Mr. KENNEDY. \$119,197.86.

The CHAIRMAN. Mr. Meany, I believe he told you that his only interest thereafter, when you questioned the validity of this report, was to substantiate it, to document it, to show that it was a valid and correct report and, thus, defend his integrity, so to speak.

Mr. MEANY. Yes.

The CHAIRMAN. Did he ever document it?

Mr. MEANY. Well, when I returned to Washington a few days later, I guess it must have been 10 days later, and I had not heard—I didn't

have any message from him—I called Mr. Valente on the telephone and reminded him that they were going to give me this document, the report, justifying the statements submitted before, and they said they were working on it.

On, I would say, around August 27, I got another report by a certified public accountant, and with the other report came the admission that the first report was not a proper report, that this new report showed the true situation.

The CHAIRMAN. So, instead of documenting it and establishing the integrity of it——

Mr. MEANY. They just forgot it.

The CHAIRMAN. They just forgot it.

What was the name of the auditor?

Mr. MEANY. A man by the name of Jansson.

The CHAIRMAN. I believe he already testified.

Mr. MEANY. I believe so.

(At this point, Senator Curtis entered the hearing room.)

Mr. MEANY. Following the receipt of the second report, Mr. Jansson came in to see me. I didn't send for him, but he came to see me and said that he understood that I had received this report and that there were certain items in it that he felt he had to explain in order that his position might not be misunderstood; and then he submitted an affidavit of some kind, which is also contained in the report, which indicated that while there were certain transactions that took place in May and June of that year, between this union and the title company here in Washington, that his first knowledge of those transactions was, I think, on the 26th of August, which was the day before he submitted his report under date of August 27.

The CHAIRMAN. In other words, as soon as he found out that he had made an erroneous report based upon the first information that he had received, knowing you had that report, he contacted you and explained what had happened?

Mr. MEANY. Yes, that is right.

The CHAIRMAN. All right.

Mr. MEANY. So in September, in New York City during September, I submitted this entire matter to the executive council of the American Federation of Labor.

The CHAIRMAN. Mr. Meany, for purposes of the record, I will present to you exhibit No. 41, which appears to be the certified public accountant's report which, as I recall, was the accurate one that he submitted.

For the record, would you examine it and see if you identify it?

It is already in the record, but I thought you might identify it, also.

(Document handed to witness.)

Mr. MEANY. Yes, this is the one.

The CHAIRMAN. Thank you very much.

Mr. MEANY. This was the report which was submitted in the latter part of August.

Mr. KENNEDY. Mr. Meany, up until this time had Mr. Klenert or Mr. Valente, or anyone else, told you how the money had been spent or what had happened to the money?

Mr. MEANY. No.

Mr. KENNEDY. Did you have any information indicating that they had used the money for their own personal benefit?

Mr. MEANY. Well, I had some information that was quite—well, it was in the rumor stage, a rumor going around that they had purchased houses with the textile workers' money. So when we had our executive council meeting in New York during the 1952 convention, I submitted this entire matter to the executive council of the American Federation of Labor.

While it was not the policy of the AFL—in fact, it was almost a tradition—that the AFL did not interfere with the autonomous affairs of any of its national unions, I took the position that I was in possession of this information from the textile workers' offices, and I did not predicate my request to the council that they take this matter up on the basis of rumors which were current at the time but I based it strictly on the information presented to me by the officers of the Textile Workers Union, that they had presented to me a report which they afterward admitted was a false report, and that they then submitted another report, and that there was something, I felt, rather fishy about the whole business.

I insisted in presenting this matter to our council, that having this information, that while the policy of the AFL was not to interfere in the autonomous business of any of its affiliates, the fact that I was in possession of this information compelled—was a very compelling reason in this case to bring the information to the attention of the ruling body of the Textile Workers Union, unless there could be some explanation by the officers.

As a result of that request on my part, the executive council appointed a subcommittee of the council, consisting of Mr. Tracy, Mr. Doherty, and myself, and instructed us to get a satisfactory explanation of what had happened, or what had taken place, from Klenert and Valente, and, failing to do that, to insist that they call in their executive board of their national union so that all this material could be presented to their executive board.

On September 23 or 24, all of this material was presented to their executive board, and their board of trustees at a meeting held in the Commodore Hotel in New York City, at which Mr. Doherty and Mr. Tracy and myself appeared as a subcommittee representing the executive council of the AFL.

A stenographic record of that meeting was made, and following the meeting and all the matters, of course, were presented to the board—following the meeting some few weeks later, I sent that stenographic record to every single member of their board by registered mail, and also their members of their board of trustees who were present at that meeting.

(At this point, Senator McNamara entered the hearing room.)

Mr. MEANY. I was informed right following the September meeting that the textile workers board had appointed a subcommittee to look into this matter.

In January of 1953, we received a report from this subcommittee in which they said they had gone into all the matters, and had submitted their report to the executive board of the textile workers, which report had been unanimously approved by the board. They made that report on January 4, I believe, and informed me by letter on January 28.

The CHAIRMAN. I hand you what purports to be a photostatic copy of that report, together with a letter of transmittal to you on January

28. Would you examine the photostatic copy of the letter and the report, and state if you identify it, Mr. Meany?

(Document handed to witness.)

Mr. MEANY. Yes, that is it.

The CHAIRMAN. The letter and the report may be made exhibit No. 47.

(The document referred to was marked "Exhibit No. 47" for reference and will be found in the appendix on pp. 3563-3568.)

The CHAIRMAN. We will proceed.

Mr. KENNEDY. They made this report to you also, Mr. Meany?

Mr. MEANY. This report was by letter to our executive council.

Mr. KENNEDY. What did the report find, and what was the sum and substance?

Mr. MEANY. The sum and substance of the report was that none of the money of the textile workers had been misused; that all of the money had been properly used and all of the money that should be in their treasury was in their treasury, and there was no connection between the purchase of houses by these officers and the withdrawal of money from the textile treasury; that this \$95,000 which was in question was used to place a deposit with a title company toward the purchase of a site for an office building sometime in the future.

When that \$95,000 was returned, it was replaced by \$57,000 sent to the same title company, also for the same purpose of placing a deposit in the hands of the title company, in case they wanted to buy a piece of property.

The CHAIRMAN. Did you ever know up to that time, Mr. Meany, that they had actually used \$57,000 of this \$95,000 to buy two homes?

Mr. MEANY. I didn't know it. I suspected that, but of course I had no way of proving it, because they just denied it and there was no way I could bring documentary proof that they had used the money for that purpose.

Mr. KENNEDY. Did you feel, based on the report you received, that a proper investigation had been made by the board?

Mr. MEANY. No.

Mr. KENNEDY. Do you have any explanation of the report that they submitted to you?

Mr. MEANY. No. We merely accepted the report with a letter to them pointing out that they hadn't made the proper explanation and we got no further reply from them. That was the end of it.

The CHAIRMAN. Is this a photostatic copy of the letter that you now refer to, Mr. Meany, addressed to Mr. Valente, on February 19, 1953 and signed by you as president?

(A document was handed to the witness.)

Mr. MEANY. Yes, that is it.

The CHAIRMAN. That may be made exhibit No. 48.

(The document referred to was marked "Exhibit No. 48" for reference and will be found in the appendix on pp. 3569-3570.)

Mr. KENNEDY. Did it disturb you that the committee had not made a more thorough investigation?

Mr. MEANY. It disturbed me a great deal, because I felt and I suppose I was rather naive, I felt that all that was necessary in this case was to acquaint the ruling body of this union with the fact that their money was being used in a rather loose fashion, and that they would

make a complete investigation and demand from these officers the facts, but evidently I was a little too optimistic about that. That just didn't happen.

Mr. KENNEDY. And did it disturb you at the time that there should be a report signed by five of the officers completely whitewashing Mr. Klenert and Mr. Valente?

Mr. MEANY. It did disturb me but there was nothing that I could do about it.

Mr. KENNEDY. There were no steps that the AFL could take at that time?

Mr. MEANY. No.

Mr. KENNEDY. Could you explain that to the committee?

Mr. MEANY. Well, at that time, the policy of the AFL and its traditional policy for many years, was not to interfere with the affairs of any of its national unions. In this particular case, on my request, the AFL Executive Council agreed to submit to the ruling body of this union the information which I had in my possession on the assumption that they would do something. However, they didn't do anything, and there was nothing further we could do about it.

However, later on, we did assert a certain amount of authority over our unions, on affairs of this type, beginning in February of 1953. I think that was the first case on record where the American Federation of Labor asserted that they had a right to look into the affairs of international unions on questions of corruption.

While that was not a policy of the AFL, it was an asserted policy on the part of the executive council in the case of the International Longshoremen's Association, and that policy was approved at the 1953 convention in September of that year, held in St. Louis.

Of course, in the development of the merger negotiations with the CIO, we went much further than that, and we now have a constitutional policy on these questions which we have implemented through a sort of code of ethics in regard to any number of items in the field of what might be termed ethical practices on the part of trade unions.

The CHAIRMAN. Is that code retroactive? In other words, it was adopted this year, as I recall, Mr. Meany, and would that apply to cases in the past?

Mr. MEANY. I think that it would, Mr. Chairman. I am quite sure that in this specific case it will apply, because through the instrumentality of this committee and through the fact that you have the power of subpoena and that you can bring men like Mr. Quigley in here, and get information from them, because you have a way of getting the truth in these matters, you have brought out information now that I think will enable me to refer this matter to the ethical practices committee.

The CHAIRMAN. The reason I asked that question, Mr. Meany, is because a great deal of our work, the work of this committee, will involve matters and incidents that occurred prior to the establishment of the ethical practices code of your union. I make this statement on my own, and I do not bind any other member of the committee, but it does occur to me that the work of this committee as we reveal some of these things, and make these disclosures, can be very helpful to your union in the matter of applying those ethical practices.

Senator IVES. Mr. Chairman, may I interpose something there? I want to say that I think that the work and effort of Mr. Meany himself as president of the American Federation of Labor-Congress of Industrial Organizations, and his cooperative spirit where we are concerned, is very helpful to us. I am sure that when I say this, I speak for every member of the committee. We deeply appreciate that, and we commend him for it, and we commend his great organization for the steps they have taken in trying to straighten out these matters themselves. We are very glad to do what we can to give you the information that you need to enable you to clean house, and I am satisfied, knowing you, Mr. Meany, as I do, that you are going to do that.

Mr. MEANY. Well, I can assure you, Senator, we are going to follow the principles laid down in our constitution in this matter, and as I explained a moment ago this was rather a drastic step, but it was indicated as being necessary by developments such as this one, when we actually and in a sense we have demanded, a surrender of a certain amount of autonomy on the part of the organizations.

Now, after all, you must remember that the AFL-CIO is a voluntary organization of unions. We do not create the unions. It is the other way around: the unions in the original instance created the central organization, both the CIO and the AFL. When we charter new unions, of course, they are in the same position as the unions that originally created the Federation.

So under those circumstances, the federation merely has whatever powers are voted to it by the founders. At the AFL-CIO convention which created the merged organization, the founders of that organization did vote to the central organization certain powers which were never in the AFL constitution or in fact in the CIO convention before it.

Of course, even with those powers, however, we are limited, and we are not a law enforcement agency and we have no way, for instance, of going into a bank in Seattle and have them tell us what sort of business they did with one of their customers, and you people can do that. You now—if I am right, according to what I read in the newspapers, in this particular case—you now have an admission that union money was used to purchase these homes. We could not get such an admission. In fact we got an absolute denial that any such thing as that took place.

So you have now brought that out, and I think on the basis of that we can now move again in this case as we are moving in other cases on the basis of the record made by this committee.

Now, when I say that we are not a law enforcement agency, I am not protesting or making any protest against the state of things, because I don't think that we should be a law enforcement agency, but I think that we have a right and a duty and an obligation to our people to try to run unions just as clean as they can be run. And run them to the benefit of members and not for the benefit of George Meany or anybody else.

Senator GOLDWATER. Mr. Meany, I am glad that you have expressed yourself as you have in this field, because I had announced the other day after questioning the chief counsel that I had some questions to ask you in this field, although they do not pertain to the American Federation of Labor side of the joint organization. First I think that

you are to be commended, your top group, for the way that you moved against Mr. Beck.

Now, the questions that I want to ask you pertain mostly to the other side of this merger, and you being president, I think may shed some light on it, because it is from the other side that we hear the most about ethical practices. I just want to read a few statements here out of some of your proceedings in Miami Beach, in January and early February of this year.

First is regarding cooperation with all appropriate public agencies investigating racketeering, and the organization said; and I quote:

It is the firm policy of the AFL-CIO to cooperate fully with all proper legislative committees, law-enforcement agencies, and other public bodies seeking fairly and objectively to keep the labor movement or any other segment of our society free from any and all corrupt influences. This means that all officials of the AFL-CIO and its affiliates should freely and without reservation answer all relevant questions asked by proper law-enforcement agencies, legislative committees and other public bodies, seeking fairly and objectively to keep the labor movement free from corruption. We recognize that any person is entitled, in the exercise of his individual conscience, to the protection afforded by the fifth amendment and we reaffirm our conviction that this historical right must not be abridged. It is the policy of the AFL-CIO, however, that if a trade union official decides to invoke the fifth amendment for his personal protection and to avoid scrutiny by proper legislative committees, law-enforcement agencies, or other public bodies into alleged corruption on his part, he has no right to continue to hold office in his union. Otherwise, it becomes possible for a union official who may be guilty of corruption to create the impression that the trade-union movement sanctions the use of the fifth amendment, not as a matter of individual conscience, but as a shield against proper scrutiny into corrupt influences in the labor movement.

Now, Mr. Reuther, who is connected with the other side of your merger, had this to say about it; and I quote from a letter of his of June 5.

After emphasizing the rights of all Americans to protection under the fifth amendment, the letter nevertheless went on to say:

* * * When a member of the UAW holding either elective or appointive office chooses to use the fifth amendment, the matter is no longer purely personal for such member's holding of a union office immediately and inescapably involves the union as an organization in the matter.

I don't want to bore you too much longer, but he further goes on to state in a resolution adopted by the UAW of April 7 to 12 of this year, under ethical practices, paragraph 5:

We support the principles that, while respecting the right of every individual to exercise the fifth amendment or any other constitutional privilege, we believe that people in positions of leadership in labor should not continue in such positions of leadership if, in order to avoid personal incrimination, they use the fifth amendment and refuse to testify on matters of their personal conduct as it relates either to corruption or communism.

Now, Mr. Meany, as you undoubtedly know, during the course of hearings before the Internal Security Subcommittee in this Senate, during the last several months, there have been a total of 12 individuals connected with the UAW who have taken the fifth amendment when asked a question about membership in the Communist Party. All but one of those people have been officials in the UAW-CIO, ranging from president of the engine division, secretary of tool and die section, chief steward, member of bylaws committee, vice president of Ford local 660, financial secretary of Ford local 660, and that type of official.

Yet only two of those people have been removed from these offices of responsibility by the UAW.

Do you have any knowledge of any action that is being taken by Mr. Reuther to see that these others are removed from office?

Mr. MEANY. Well, Mr. Reuther sent me a long memorandum which he distributed to his affiliates on this question, and it sets forth a procedure which they go through in determining these cases along with all other cases. The final step in that procedure is an appeal to a public committee on which no representatives of the trade union sits, on the question of discipline of any of these members.

Now, I assume, Senator, that they are going through that procedure. I have no reason to assume otherwise. That is the procedure which was formulated I imagine by their board after the convention, in order to implement the action of the convention. I assume that they are going through that procedure. I have no reason to believe otherwise.

However, I can check and find out with regard to these cases. I know the machinists had some cases, and they summarily discharged 3 men, and I think there were 8 or 9 others that are going through some sort of a trial procedure. After all, no matter how many of these rules you lay down, they don't operate automatically. These men must be brought in and faced with their accusations, or whatever accusations are made against them.

I am quite sure that the auto workers will follow the principles laid down by the ethical practices code of the AFL-CIO, and by their own convention.

Senator GOLDWATER. I appreciate what you say.

Mr. MEANY. I can find out what happened to the others, but I am quite certain that those cases are in the works.

Senator GOLDWATER. I would appreciate knowing. From the public press, it is difficult to know. And knowing Mr. Reuther's penchant for public relations and utterances to the press, I am a little surprised, if it is in the works, that it has not been thoroughly exploited by his very active public relations division.

Mr. MEANY. How many do you say were involved?

Senator GOLDWATER. There were 12 altogether, and 2 I believe had had action, and 1 of them was not an official, and the others were.

I have a copy of the release that you referred to, and I have read it over very carefully, and it is quite a compilation of words. It gets around the bush, and it doesn't jump in the middle of it. But the American people received this code of ethical practices that I believe you pronounced first, with open arms. They felt that here at last the leadership of American unions recognized that this was needed.

The most vociferous exponent of ethical practices has been Mr. Reuther. The most practical applicant of the rules has been the AFL. I want to compliment you on that. I am hopeful that your report will indicate that Mr. Reuther is proceeding to take the proper action against these individuals that have come down here and in violation of the code of ethical practice, taken the fifth amendment, and now that we have recently discovered it through a decision of the Supreme Court, the first amendment.

I have only two other questions that I want to ask you and they are not related to this but they are related to recent happenings.

In view of the fact that Mr. Hoffa has now been exonerated, do you believe that he would be O. K. to head up the teamsters union?

Mr. MEANY. Senator, I would not care to comment on that. The case of the teamsters union is before our ethical practices committee, and it involves a great many people in addition to its president. As a member of the ethical practices committee, as an instrumentality of our executive council, and as a member of our executive council, I more or less have to sit along with the other members of the council in judgment on these things, and I would not care to comment on it at this time.

Senator GOLDWATER. You would not want to say whether you take the ruling of the court the other day as a complete clearing?

Mr. MEANY. I don't want to comment on it at all.

Senator GOLDWATER. I have one other question then. I ask this knowing that I probably could have been better posted had I kept up with the news, but since the merger of the AFL and CIO have there been any negotiated contracts under the combined AFL-CIO, or do you still operate as AFL and CIO separately in negotiating?

Mr. MEANY. Senator, you are talking about negotiated contracts. You mean collective-bargaining contracts?

Senator GOLDWATER. Yes.

Mr. MEANY. The AFL never engaged in collective bargaining, nor did the CIO as a national organization. All of those contracts are negotiated by the member units of the organization.

Now, the international office will assist in those things, but actually we don't negotiate contracts.

Senator GOLDWATER. Then when a contract is negotiated in Phoenix, Ariz., by the plumbers union, member of the old AFL, it is done in the AFL name and not under the signature of the AFL-CIO?

Mr. MEANY. No; it would be done under the signature of the AFL-CIO, because if the plumbers union is in the united association, it is a member unit of the AFL-CIO.

Now, in some cases, in the NLRB elections, the unions in the metal trades will go into an election all together, and they will negotiate and bargain as metal trades department, AFL-CIO.

Now, if you are asking whether there are contracts negotiated between old units of the AFL and old units of the CIO together, I don't think that that has happened. But there wouldn't be anything against it if any two unions decided to work together in the collective bargaining field.

Senator GOLDWATER. Then you do use the title, "AFL-CIO" as you negotiate down at the local level?

Mr. MEANY. There is no such title as "AFL" by itself or "CIO" by itself, and there is only the combined title.

Senator GOLDWATER. Thank you.

Senator MUNDT. Mr. Meany, as you describe the organizational structure of the CIO or AFL-CIO with its member units, it sounds very much like you were talking about the American Constitution, and the Federal Government and its several States. The Federal Government has only those powers specifically delegated to it by the States and by the people.

Would you say that that is a good analogy and your central body has only those powers specifically delegated by the members?

Mr. MEANY. In fact, Senator Mundt, that was the example cited by Gompers more than 60 years ago, justifying the structure of the AFL.

Senator MUNDT. I recall that, and I wondered if that had carried over now to your merged structure.

Mr. MEANY. Well yes, that is our merged structure, except that in setting up the merged Federation we transferred to the central organization more powers than either AFL or CIO had had before.

Senator MUNDT. That power was in turn delegated?

Mr. MEANY. Delegated, and in other words, they surrendered some portion of their autonomy in this particular field as a condition of membership in the AFL-CIO.

Senator MUNDT. Thank you. Now, on the ethical practices code, is that designed to protect not only the integrity of the union and the integrity of the dues and democratic processes of union members, but is the ethical practices code also set up so as to protect the public?

Mr. MEANY. Well, I think that in the final analysis, that anything that we do in trying to keep our unions run right, is not only protection to our union members, but protection to the general public, and to the employers because in the final analysis if these practices cost money, inevitably the public pays that money, some way or other.

Senator MUNDT. The reason I asked that question, in the letter that Senator Goldwater read from Mr. Reuther, it mentioned men who took the fifth amendment from the standpoint of corruption and from the standpoint of communism.

I wondered if the same rule applied to a union member or union leader who might take the fifth amendment involving some allegations, let us say, of violence, dynamiting property, or shooting at a vehicle.

Mr. MEANY. Well, I think that would depend on the circumstances and what interpretation is placed on the question of an ethical practice. That perhaps would not be corruption in the sense that the word is used, but I certainly feel that it is a matter that would properly come under our code.

In other words, we do not feel that it is proper in order to gain our objectives to use illegal methods. We do not countenance them, and we are not in favor of them.

Senator MUNDT. So such a man taking the fifth amendment would come under the purview of your ethical practices committee and be given the same rights and no additional rights to be heard and to be faced with his accusations as though he had taken the fifth amendment, let us say, under communism.

Mr. MEANY. I would say so.

Senator MUNDT. What would be the attitude, Mr. Meany, of the ethical practices committee concerning a union leader who had been convicted, let us say, of extortion?

Mr. MEANY. I would assume if he was convicted of extortion, he could not possibly hold union office.

Senator MUNDT. Our committee has some instances of union officials who have been convicted and still hold union office, and I wondered whether or not they would not come under that.

Mr. MEANY. I would not want to make a blanket decision without knowing the circumstances. I know that it is possible that men have been convicted of crimes that are trying to lead a better life, and it would all depend on the circumstances, but I would say offhand a union leader who is convicted of corruption and extortion, he should cease to be a union leader forthwith.

Senator MUNDT. He certainly would fall within the purview of the analysis which your ethical practices committee would make?

Mr. MEANY. I would say so.

Senator MUNDT. And in his case, of course, he has already been faced with his accusations, and he has lost out.

Mr. MEANY. That is right.

Senator MUNDT. Under our court system, and he has gone to the penitentiary, your committee, I presume would welcome from our committee, any such evidence which might come to hand?

Mr. MEANY. Yes; I would say so.

Senator MUNDT. What are the mechanics, Mr. Meany, if you do not mind telling us, of removal?

Let us say we have a clear-cut case of a man that you want to remove, and that you feel should be removed, and can you summarily remove him even though he has a contract, or what happens? Do you have to refer it back?

Mr. MEANY. We have to refer it to whatever agency put him in there. If he was put in there by his own union, we would have to instruct and give directions to that union to see that he is removed.

Now that, of course, would not remove him and they might decide not to remove him and we have to decide what is the next step.

Senator MUNDT. I was going to ask you, do you have some reserve power?

Mr. MEANY. We are in the same position as a merchants' association and I am quite sure that you are familiar with merchants' associations along the various streets and avenues of our big cities where such as the Fifth Avenue Association, or Madison Avenue Association and so on and so forth.

That association does not run the affairs of any of those merchants. They do set up certain standards which they feel are in the interest of all of the merchants on that one particular street or in that one particular area.

All they can do if the merchant does not live up to the standards is just say to him, "Well, you can't belong any more, and we are going to put you out."

That is about all we can do, if the union tells us they won't do this, that, or the other thing.

Senator MUNDT. But you have this power delegated to you by the organizations?

Mr. MEANY. This power of expulsion is not in the hands of the council. It is in the hands of the convention. We had a case in point in the International Longshoreman's Association and we told them in February of 1953 what they had to do. Of course, they pretended to do what they were supposed to do, but actually they did not do anything to clean up their situation.

They were expelled from the AFL in September of 1953 by the convention. The same is true in the AFL-CIO, that no union can be expelled except by a convention.

Senator MUNDT. Let me now recapitulate how this operates as I understand it, and you correct me if I am wrong:

Under the ethical practices procedure, when a case has been brought to the attention of the ethical practices committee or board or commission or call it what ever it is, you set up some kind of hearing

process whereby the accused has a chance to be confronted with his accusations.

Mr. MEANY. That is right.

Senator MUNDT. If you then find that he is guilty, you recommend to his local union.

Mr. MEANY. To his national union.

Senator MUNDT. To his national union?

Mr. MEANY. Yes.

Senator MUNDT. That he be removed even though it is a local office that he holds?

Mr. MEANY. Well, the local officer would not come before us. The local officer would come before the national union.

You see, Senator, there are sixty-odd thousand local unions, member units of member units of the AFL-CIO. We have 140 national unions. We are trying to operate through those 140 national unions. If local officials come into this picture of ethical practices, they must be handled by the national unions.

Now, what we would do in a case of a local official, we would say to the national union, "we feel that you should act in this particular case." If the national union fails to act, then we have to decide whether that constitutes an evasion of the ethical practices rules of the AFL-CIO, but any action we would take would have to be against the national union, because the local unions hold their affiliations by virtue of the fact that they are member units of national unions.

Senator MUNDT. Actually, it works about the same as far as the ethical practices committee is concerned. You work through your national affiliate.

Mr. MEANY. That is right.

Senator MUNDT. And your sole enforcement power your sole power of implementation if they refuse to act, is to suggest to the national convention that they be disenfranchised.

Mr. MEANY. That is the only final power we have.

Senator MUNDT. Thank you.

The CHAIRMAN. Senator McNamara.

Senator McNAMARA. In connection with this line of questioning from Senator Mundt, you made some inferences in reply to the question, Mr. Meany, as to the extenuating circumstances where a man might be living or trying to rehabilitate himself after perhaps being convicted of something.

I think that is pretty general in all walks of life.

Mr. MEANY. I think that is more or less one of the principles of our society. I happened to be a member of the Federal Prison Industry Board for many years and we see to it that graduates of Federal prisons who have learned a trade in the prison get into employment if we can possibly do so.

The instrumentalities that we use to help us in the Federal prisons setup are the unions throughout the country, as well as groups of employers who will take a broad view of this.

Now, of course, I am sure that if one of those fellows graduated to the point where he became an officer of a union, after rehabilitating himself, we certainly would not use our ethical practices code to deprive him of that.

Senator McNAMARA. That is a question I was leading up to. If a man is elected by the people that have elected him through democratic procedures, in any level of the union, you would not particularly hold that against him.

Mr. MEANY. I would not say that is the test at all, whether he is elected. I do not think that is the test at all, because we know of cases, Pat, where people are elected by muscle and other things, and it is a bad situation.

I do not think that is the test at all.

Senator McNAMARA. I said, "elected by democratic procedures."

Mr. MEANY. Well, all right.

Senator McNAMARA. I think "elected by muscle" and "elected by democratic procedures" are two entirely different situations.

Senator GOLDWATER. It is democratic muscle.

Senator McNAMARA. If he has to have muscles, that is the kind I want.

Senator CURTIS. Mr. Meany, this has been answered in a sense, but I wanted to boil it down. Under your new constitution of the AFL-CIO, what power or powers do you have to penalize or otherwise discipline a national union that refuses to follow the ethical practices code?

Mr. MEANY. Just tell them they can't belong to the club any more, that is all.

Senator CURTIS. The power of expulsion?

Mr. MEANY. That is all. In other words, it is the same as the merchants association that puts up a rule that you can't have more than 1 fire sale a year and the fellow has 2 fire sales, so they kick him out. They don't go out and find out if he committed arson. They just kick him out.

Senator CURTIS. That has to be absolute expulsion or can it be a suspension for a period?

Mr. MEANY. Now in the case of the laundry workers, we have suspended the Laundry Workers International Union, and suspended them 2 months ago. They will stand suspended until our convention to be held in December of this year.

In the meantime, if they can convince the ethical practices committee and the executive council that they are trying to straighten out their problem, then, of course, the convention could continue the suspension or they could lift it, and on the other hand the convention could expel them.

Senator CURTIS. Only the convention has the power of expulsion?

Mr. MEANY. Yes, only the convention. The executive council has the power of suspension, but not of expulsion.

Senator CURTIS. Now, coming back to—

Senator MUNDT. Would the Senator yield on that point? How serious is this business of expulsion? Do they lose their bargaining power then with the NLRB?

Mr. MEANY. Theoretically it is not very serious, but somehow or other they feel the value of the association and it has had some effect.

Now, of course, we have cases where unions are expelled and they just go on their way, as for instance the longshoremen. Even in that case we feel that we have made a tremendous gain because while the people that we objected to are still running that union, the treatment of the individual member and the condition of the individual member has improved tremendously since we took action in 1953.

Senator MUNDT. It might be serious in a case like this, where an expelled union called a strike and other union members of the club who had followed the ethical practices might not feel under the same compulsion regarding crossing the strike line.

Mr. MEANY. I think so. I think that would have something to do with it; yes, sir.

Senator MUNDT. There are social pressures which would operate against them, the same as anybody else who has been ostracized.

Mr. MEANY. Yes.

Senator CURTIS. Coming back to this situation with the textile workers, who was it that first referred the matter to you or brought to you information that there might be something wrong with the books and accounts of the textile workers?

Mr. MEANY. Actually, Senator, outside of the rumors that were around, the information came from the officers themselves. In other words, they gave me a report which I examined for a very short time, and decided it was absolutely false.

So when they were making a false report, I figured there must be some reason for it. Naturally, I associated the rumors that were around, that were quite current around in Washington about these transactions, with the fact that they had made a phoney report and I pretty much at that time decided that I was going to be very careful before I loaned them any money, at least.

Senator CURTIS. So no particular individual or no dissenting officers lodged a complaint?

Mr. MEANY. No dissenting officers. Now, I want to be very frank with you, that some of the information that I characterized as "rumor" in the sense that I could not substantiate it or prove it, came from people who were in the banking profession and in the legal profession.

Senator CURTIS. About when was that, that it first came to your attention?

Mr. MEANY. I would say in July of 1952.

Senator CURTIS. Now, is the matter closed now, or what is the status of it?

Mr. MEANY. The matter was closed in January of 1953 by the action of their executive committee, giving them a complete whitewash, unanimously approved by their executive committee.

The status of it at this moment, however, is that I am going to reopen the case before our ethical practices committee because this senatorial committee has developed some things under oath that we could not possibly develop during our investigation.

For instance, we were told very flatly by this group that all of this money was properly used, and that no money was used improperly. If I understand the news records of this hearing here last week, you have an admission that the money was used improperly for personal expenses and personal benefits of some kind.

Therefore, on the basis of what this committee has turned up, we are certainly going to look into that case.

Senator CURTIS. In other words, the matter was closed back then, but it is going to be reopened.

Mr. MEANY. It was closed more than 4 years ago, because we reached the end of our rope at that time, and we could not go any further. We had no proof. We had certain very suspicious circumstances which we presented to the ruling body of that organization

and they turned around and gave a complete whitewash to these officials.

Senator MUNDT. The improper information which we apparently have developed seems to be that these two officers have purchased with union funds homes for themselves.

Now, do I understand from you that under the various constitutions, that if a union should decide, as it well might, that as part of the emolument of the offices, they are going to purchase a home for a union official, that is something which an executive council could not decide.

That would have to be done by a voting convention of the union?

Mr. MEANY. I would think that if it were done and were done by the union itself, openly and aboveboard, that it could not be considered as corrupt. But surely, this was not done in that fashion at all.

Senator CURTIS. In that case, the title would belong to the union, too, would it not, if they chose to provide a residence for their officers?

Mr. MEANY. I imagine so. In this case, of course, we were told that the money was sort of sequestered to see that someone would not steal it. And, of course, what better way than to put it in your own home where you can keep it under daily surveillance?

Senator CURTIS. Now, Mr. Meany, you are not only limited in what you can do to investigate, because as you cited this committee had certain powers to look into bank accounts and so on, you are also limited in what punishment or disciplinary action you can mete out. Is that not true?

Mr. MEANY. That is true.

Senator CURTIS. Because an expulsion is rather a broad and important act because it is going to involve a lot of individual members who are blameless of any misconduct. Is that not right?

Mr. MEANY. That is true.

Senator CURTIS. Now, in your opinion, should violence if it exists in strikes or in organizational efforts be a subject of investigation of this committee?

Mr. MEANY. It would depend on just what the circumstances were. I do not think that we would want to investigate things that happened in strikes. We know that we have had a long history in this country where men are free to walk out and employers are free to shut down their business, and surely we are not going to spend our time investigating disorders on the picket lines and things like that.

Senator CURTIS. I am not speaking of minor disorders, but if our investigators found a few situations of rather extreme violence or a pattern of violence, either in strikes or in organizational efforts?

Mr. MEANY. I think we would be willing to look at it, but I say it would depend on the circumstances.

Senator CURTIS. Do you think that this committee should?

Mr. MEANY. I do not see any reason why this committee should not look into anything in the labor-management field, and I do not know of any reason why you should not.

Senator MUNDT. Why it should not, you say?

Mr. MEANY. I don't know any reason why you should not look into these things.

Senator CURTIS. And if we would find that allegations of a certain business did not exist, it is to the benefit of the individuals involved to so show that they are not existing; is that correct?

Mr. MEANY. Yes.

Senator CURTIS. That is all.

Senator KENNEDY. Mr. Meany, this report that we have of the United Textile Workers of America, or this letter to you of January 28, 1953, was signed by five members of a committee representing the international executive council.

That gave a clearance to this deal and this whitewash report is highly unsatisfactory and inaccurate. One of the things brought out the other day was that the salary of the members of the international executive council were set by the president of the United Textile Workers of America.

In the case of the bakers union, Mr. Cross' union, it was brought out that of the 17 members of the executive board, the salaries of two-thirds of them were set by the president with approval of the executive board.

Now, in these cases where a union may have an election once every 5 years, the executive board is really the only organization which can serve as a check on either improper or corrupt activities engaged in by a president.

It seems to me that it would be worthwhile attempting either through ethical codes or some other way, of freeing the members of these executive boards from any financial connection or having the president have any financial control directly or indirectly, over the means of livelihood of this executive board if we are really going to have a worthwhile check.

Mr. MEANY. I think that is one of the problems that we have to face. I think the case you mention certainly points it up. Naturally, these executive boards are elected by conventions, but in some cases, the convention provides no salary for them except a nominal fee for attending meetings.

Then, of course, if they are appointed to an international position as an organizer, in which they get a salary, then, of course, that means that their daily livelihood depends on the whim of the president of the union whom they in their capacity as executive board members must pass on.

His actions must be passed on in that way. This points up a problem which I certainly am aware of and am concerned about. Just how we can handle it, I would not say at this time.

I think we are going to look into it.

Senator KENNEDY. Thank you, Mr. Meany.

The CHAIRMAN. Are there any further questions?

All right, Mr. Kennedy.

Mr. KENNEDY. I have finished.

The CHAIRMAN. Are there any further statements you wish to make, Mr. Meany?

Mr. MEANY. I have none.

The CHAIRMAN. Thank you very much. You may be excused.

Call the next witness.

Mr. KENNEDY. Mr. Joseph Jacobs.

The CHAIRMAN. Mr. Jacobs, will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JACOBS. I do, sir.

TESTIMONY OF JOSEPH JACOBS

Mr. JACOBS. If it please the Senators, I should like to invoke rule No. 8 during my investigation, sir.

The CHAIRMAN. Is that with reference to pictures?

Mr. JACOBS. Yes, sir, all this sort of thing.

The CHAIRMAN. I beg your pardon?

Mr. JACOBS. And that sort of thing, sir, pictures and all.

The CHAIRMAN. Do you make your request as to the movies?

Mr. JACOBS. Yes, sir, please.

The CHAIRMAN. All of them?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Gentlemen, you heard the request.

Without objection, the Chair grants it.

There will be no pictures made, unless you want to make pictures of the Senators.

State your name, your place of residence and your business or occupation.

Mr. JACOBS. My name, sir, is Joseph Jacobs. My residence is 1367 Pasadena Avenue, Atlanta, Ga.

I am counsel, or an attorney, counsel for the United Textile Workers of America, sir.

The CHAIRMAN. How long have you been counsel for them, Mr. Jacobs?

Mr. JACOBS. For a number of years, sir.

The CHAIRMAN. Since you are an attorney, you, of course, waive the right under the rule to have counsel present to advise you while you testify?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Proceed, Mr. Counsel.

Mr. KENNEDY. Mr. Jacobs, you are the attorney for the United Textile Workers?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. As such, what are your financial arrangements with the Textile Workers?

Mr. JACOBS. My financial arrangements with reference to attorney are a retainer, by which they pay me, I think it amounts to \$50 a week, it is broken down to that. I have other duties for them as their director in their southern area, for which I get other compensation.

My law firm, sir, has other compensation from them. I believe it is—I think it is \$58 a week, broken down by the week.

Mr. KENNEDY. You get \$50 a week personally, yourself?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. And then your law firm gets \$58 a week?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. What do they do? What are their services?

Mr. JACOBS. I beg your pardon?

Mr. KENNEDY. What services does the law firm perform?

Mr. JACOBS. Our law firm performs the duties of followup on the National Labor Relations Board cases, on the handling of demands after certification, and various other routine matters that are required, various other routine matters that are required in the operation of a union where there might be any legal questions that are involved.

Mr. KENNEDY. Do you have any other financial connection with the union other than your law firm and yourself, personally?

Mr. JACOBS. As a southern director, I indicated, sir, that I did.

Mr. KENNEDY. I didn't quite get that. What is a southern director?

Mr. JACOBS. As southern director, I receive, I believe it is, \$150 a week, and a per diem that is \$105, sir, per week.

Mr. KENNEDY. You receive \$105 a week per diem?

Mr. JACOBS. That is correct.

Mr. KENNEDY. That comes indefinitely, is that right? It is not subject to your travel or your expenses? It is just \$105 a week?

Mr. JACOBS. That \$105 is per diem, sir, for the coverage of hotel bills and meals.

Mr. KENNEDY. Do you also submit your hotel bills and meals to the union?

Mr. JACOBS. No, sir.

Mr. KENNEDY. That \$105 covers all of that?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. And you get \$150 a week organizational expenses?

Mr. JACOBS. Well, I don't know whether you would call it organizational expenses. For my services, I don't know how it would be listed, for my services as southern director, I receive \$150 a week, sir.

Mr. KENNEDY. What States do you have under your control?

Mr. JACOBS. I work, sir, in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, Louisiana, Arkansas, and Texas.

I believe those are the States.

Mr. KENNEDY. All of that area is under your control?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Do you have some vice presidents working under you?

Mr. JACOBS. If I might, before I answer that, I might say, sir, that from time to time I may have been called in to other areas for either certain work or for assistance in a particular situation in other areas of the country.

Mr. KENNEDY. And do you have some vice presidents working under you in the south?

Mr. JACOBS. Well, sir, it is difficult to say whether they are working under me or with me. We work together down there.

Mr. KENNEDY. How many are there?

Mr. JACOBS. There are six, sir.

Mr. KENNEDY. Do you receive any other compensation, directly or indirectly, from the union?

Mr. JACOBS. Yes. I believe we have an arrangement to receive \$600 a month for office expense for the maintenance of the office which they have in Atlanta.

Mr. KENNEDY. \$600 a month for that?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. And then on top of that you receive \$150 a week as the organizational director?

Mr. JACOBS. That is correct.

Mr. KENNEDY. And \$105 per week per diem?

Mr. JACOBS. That is right.

Mr. KENNEDY. And \$50 a week as an attorney?

Mr. JACOBS. That is right.

Mr. KENNEDY. And \$55 a week as a member of the law firm?

Mr. JACOBS. The law firm receives \$58 a week.

Mr. KENNEDY. \$58?

Mr. JACOBS. That is correct. I don't know how it figures out in the final analysis, but the other member of the firm generally gets that, I think.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. Do you receive the \$150 a week yourself, or does that go into some company? How is that arranged? That is the \$150 a week you receive as the organizational director.

Mr. JACOBS. I receive that, sir.

Mr. KENNEDY. That check is made out to you personally?

Mr. JACOBS. That is right, sir.

Mr. KENNEDY. Do you have any other financial arrangements with the union, other than the ones I have listed?

Mr. JACOBS. I don't remember any other one, sir, at this time. If there are any—I believe that covers them.

Senator MUNDT. You get \$305 a week from the union?

Mr. JACOBS. I am sorry.

Senator MUNDT. You get \$305 a week from the union, is that right, per week, \$50 as an attorney, \$105 as expenses and \$150 a week as southern director, to total \$305 a week or \$15,765 per year?

Mr. JACOBS. I believe that is correct, that adds up right.

The CHAIRMAN. There is an addition of \$58 a week that goes into the law firm.

Senator MUNDT. Yes. I am talking about Mr. Jacobs personally that gets that amount. Whatever he shares with his law firm he shares.

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Are you familiar with the Labor Service Bureau?

Mr. JACOBS. Yes, sir. That is an enterprise of my own, sir, that I am the owner of.

Mr. KENNEDY. What connection does that have with the union?

Mr. JACOBS. What connection?

I own it, sir.

Mr. KENNEDY. What is the Labor Service Bureau?

Mr. JACOBS. I originally established the Labor Service Bureau in the idea of furnishing service to labor unions in negotiations or arbitrations or matters of information, publications for them and things of that kind. I have carried that name on over a period of years. I don't know whether you can say that it is active or inactive, but I continue to use the name.

Mr. KENNEDY. Does the union pay any money to the Labor Service Bureau?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Do any unions pay any money to the Labor Service Bureau?

Mr. JACOBS. Any unions?

Mr. KENNEDY. Yes.

Mr. JACOBS. No, sir.

Mr. KENNEDY. What does the Labor Service Bureau do, then?

Mr. JACOBS. I said, sir, that at one time I set it up for those purposes.

Mr. KENNEDY. But it doesn't have anything to do with the union at this time?

Mr. JACOBS. No, sir; I wouldn't say, other than I use it as a trade name and I think I still continue to file—I believe when I got social-security forms they had that name on over a period of many years, and I think I continue to use that in my filing of my tax returns, sir.

Mr. KENNEDY. The money that you receive as southern director; is that filed under Labor Service Bureau rather than your own name?

Mr. JACOBS. No, sir. It is filed as Joseph Jacobs trading as Labor Service Bureau.

Mr. KENNEDY. What was the last part?

Mr. JACOBS. Joseph Jacobs trading as Labor Service Bureau.

Mr. KENNEDY. Trading as Labor Service Bureau?

Mr. JACOBS. Yes. That is the same thing as registering of a trade name where it is not a partnership or a corporation or anything of that kind.

Mr. KENNEDY. Do you receive any other compensation other than the ones we have listed from the union? Do you have any other financial transactions with the union?

Mr. JACOBS. I think I have responded, Mr. Kennedy, that I do not remember of any other. I believe that covers it.

Mr. KENNEDY. Do you have an interest in the Auto Leasing Co.?

Mr. JACOBS. I own a company that I established in, I believe, 1955, called the Auto Leasing Co.

Mr. KENNEDY. They don't have any financial transactions with the union?

Mr. JACOBS. Yes. The Auto Leasing Co. leases cars.

Mr. KENNEDY. Who do they lease cars to?

Mr. JACOBS. To the United Textile Workers of America.

Mr. KENNEDY. Do you own that company?

Mr. JACOBS. Yes, sir; I do.

Mr. KENNEDY. And they lease cars?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. What arrangements are made for leasing cars to the union?

Mr. JACOBS. I believe that the arrangement is by a lease contract that was entered into when I established it, sir.

Mr. KENNEDY. Can he identify this, please, Mr. Chairman?

Senator CURTIS. Do you lease cars to anybody else?

Mr. JACOBS. At this time, sir, no. We have tried to, but we haven't been too successful, because I haven't had too much time to devote to it, sir.

The CHAIRMAN. The Chair hands you what purports to be a carbon copy of a contract entitled "Automobile Lease," dated the 1st day of July 1955, between Auto Leasing Co. and the United Textile Workers of America, signed, apparently, by yourself, as lessor for the Auto Leasing Co., and by Lloyd Klenert for the United Textile Workers of America.

I ask you to examine it and state if you identify that as a carbon copy of the original contract.

(Document handed to witness.)

Mr. JACOBS. Yes, sir; that appears to be a carbon copy of the original.

The CHAIRMAN. That may be made exhibit No. 49.

(The document referred to was marked "Exhibit No. 49," for reference and may be found in the files of the select committee.)

The CHAIRMAN. Exhibit 49 is for reference.

Mr. KENNEDY. You lease these cars to the union, do you?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. And you make a decision for the union as to whether a car will be leased or not?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Were bids put out to various companies to find out from whom they would lease cars?

Mr. JACOBS. As I remember, Mr. Kennedy, the problem of leasing cars, or the question of leasing cars, arose a number of years ago on the question of the expenses entailed in cars. I was asked, I don't remember where the conversation took place, particularly, to investigate and see the feasibility of it.

I made an investigation as to costs and the type of arrangement that the car rental involved. I checked a number of companies, both in the North and other sections of the country, in an effort to ascertain what the arrangements might be.

I then turned the information over to officers of the union, and we discussed it. As I recollect, the different arrangements provided for different amounts of insurance, or else for paying a certain fee by the month and then paying the insurance, and they varied from place to place.

I, therefore, was asked to ascertain if we could find out what it would cost to know the rental of the car and, thereafter, just the cost of the gas and oil and the maintenance cost, if any.

I found that that was one of those things that when you went back to them, they sort of changed their bids around, so that you had a bid one time, or you had an offer of one amount, and it worked out another way.

For example, you would find a company which would say \$80 a month for car rental, but then you have to pay the liability or collision experience, "We only pay the fire and theft."

Mr. KENNEDY. Is that when you decided because you couldn't get a good deal that you decided to form your own auto company?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Was it shortly afterward?

Mr. JACOBS. No, sir. I didn't decide on that basis nor did anyone else, that I know of, about a good deal.

Mr. KENNEDY. Was it just a coincidence that you decided you wanted to form your own auto-rental company?

Mr. JACOBS. No, sir, it was not a coincidence. I shall be glad to tell you what happened.

Mr. KENNEDY. Go ahead.

Mr. JACOBS. After we talked about it several times, I suggested to the officials of the union that it might be well to experiment and see how it worked out in the rental of cars, to see if it saved the union any money. I also told them that I thought that I could arrange to rent cars in Atlanta in a method so that it would be possible for us to find out. They were agreeable. I drafted a contract which follows almost identical language with some of the contracts that I had gotten from

other companies. I believe that was about the middle of 1955. They then——

Mr. KENNEDY. Did you have a company in mind at that time?

Mr. JACOBS. No, sir. I formed the company.

Mr. KENNEDY. You formed the company based on this?

Mr. JACOBS. Yes, sir. I formed the company and put my money into it, sir.

Mr. KENNEDY. When you said you had somebody in mind in Atlanta that might be able to do that, you had yourself in mind, is that right?

Mr. JACOBS. I don't think, sir, that I had somebody in mind.

Mr. KENNEDY. You said that you thought you could arrange it with someone in Atlanta that they would be able to get a good deal.

Mr. JACOBS. Of course, sir, the record speaks for itself, but I don't think I said that I could arrange with someone in Atlanta. I said I thought I could arrange to do it out of Atlanta. I believe I said that.

Mr. KENNEDY. Do you mean you, personally?

Mr. JACOBS. I beg your pardon?

Mr. KENNEDY. That you personally could arrange to do it out of Atlanta? Is that what you meant?

Mr. JACOBS. Yes. That I could make the arrangements out of Atlanta to have it done.

Mr. KENNEDY. So you would form your own company and then lease the cars back to the union?

Mr. JACOBS. I did form my own company, sir, and leased them to the union. I don't believe that there was any question asked as to how the company would be set up or anything else at that time. I am sure that it wasn't. We were talking in terms of leasing these cars.

The CHAIRMAN. Let me ask you this question: At the time you signed this contract, did Mr. Klenert know that you were the sole owner of this company?

Mr. JACOBS. I don't know whether he did, sir, or not. He may have.

The CHAIRMAN. Since you were signing for the company, the Auto Leasing Co., you were also working for the union, you were the one who was regularly retained to advise Mr. Klenert regarding union affairs. You signed this contract representing another company, a company that you owned, I wondered if you gave that information to Mr. Klenert.

Mr. JACOBS. I may very well have, sir.

The CHAIRMAN. Then he knew at the time that you were working for the union and that you had formed this company and sold him a contract with the union, is that right?

Mr. JACOBS. I believe, sir, I might say that I think he did, but I should also say, sir, that I work for other unions, too. My employment is not confined entirely to this union.

The CHAIRMAN. A lawyer usually has more than one client. I understand that.

Mr. JACOBS. Thank heaven for that, sir.

The CHAIRMAN. That does not release him from his obligation to a client.

Mr. KENNEDY. Do you lease cars to anyone but this union?

Mr. JACOBS. I think I answered the Senate that at this time we do not, sir. We have had other inquiry that has come about since we did begin to lease these cars.

The CHAIRMAN. This contract is dated July 1955. That is 2 years ago. During that time, from the date of that contract, did you lease cars to anyone else other than to this union?

Mr. JACOBS. No, sir. I said we did not. Nor did I vigorously pursue the car-leasing business, because I have so many other things that I have been doing. I have other things other than this interest, too, as your committee knows, that I have disclosed to them that have nothing to do with this union or other unions.

The CHAIRMAN. That clears it up.

Senator McNAMARA. Mr. Chairman, I have a question.

The CHAIRMAN. Senator McNamara.

Senator McNAMARA. I glanced at the lease and it indicates \$100 a month for the Chevrolet. Is that a competitive price in Atlanta?

Mr. JACOBS. Yes, sir, I believe that it is, compared to the insurance amounts that are paid for and the various things that the lessor obligates, sir.

Senator McNAMARA. I would just like to observe, Mr. Chairman, from my information that is about 33 $\frac{1}{3}$ percent higher than the lease of a Chevrolet would be in Detroit. I know nothing of Atlanta. That is why I asked the question.

Mr. JACOBS. I don't know about Detroit, sir.

Senator McNAMARA. I happen to know because I had reason to make inquiry.

The CHAIRMAN. Proceed.

Mr. KENNEDY. How many cars do you have now under lease to the union?

Mr. JACOBS. Presently?

Mr. KENNEDY. Yes. About 8 or 9?

Mr. JACOBS. Either 8 or 9.

Mr. KENNEDY. So that is \$800 or \$900 a week, is it?

Mr. JACOBS. A month, sir.

Mr. KENNEDY. Eight or nine hundred dollars a month?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Who handles the insurance? Do you have these cars insured?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Who handles the insurance for the automobiles?

Mr. JACOBS. Do you mean the insurance company?

Mr. KENNEDY. Who is the insurance broker?

Mr. JACOBS. The Bell Insurance Agency in Houston.

Mr. KENNEDY. Do you know the broker at all?

Mr. JACOBS. Certainly, sir.

Mr. KENNEDY. Who is that?

Mr. JACOBS. The brokers are the Bell family, the son married my kid sister.

Mr. KENNEDY. Is that your brother-in-law?

Mr. JACOBS. Yes, sir.

I might say, sir, that the reason that we bought it from him was we sought to find if we could get insurance at a better rate in Atlanta, and we originally placed it with some company who promised us a better rate, and after they found it was a fleet arrangement they then turned around and said that the rate was not correct. They gave us a rate that was equal to the same rate that this young man gave us.

Mr. KENNEDY. In connection with Senator McNamara's question, did you try to find out from other companies whether they would lease cars to the union at a less price than you would?

Mr. JACOBS. I think, sir, that I said to you that we checked other contracts.

Mr. KENNEDY. Do you have any documents on that?

Mr. JACOBS. Your committee was furnished, through its investigators, those documents.

Mr. KENNEDY. The letters that you wrote to other companies?

Mr. JACOBS. We furnished them letters in our file and specimen contracts that were made available to the investigators so that they might see them.

Mr. KENNEDY. We don't have any of those.

Mr. JACOBS. Mr. Kennedy, I stand on my statement that I made available and gave the file with copies of contracts that I had secured at that time, sir.

Mr. KENNEDY. And you found that you could do it at a less price than any of these other companies?

Mr. JACOBS. I did not say that, sir. I said at a comparable price.

Mr. KENNEDY. Mr. Chairman, Mr. Jacobs is primarily being called because of his connection with this report that Mr. Meany referred to. But we do have this other information in connection with him. We have an investigator that has made a study of some of these auto leasing companies. He has some information that I would like to put into the record at this time, if we may.

Mr. Morton Henig.

The CHAIRMAN. Come forward, please, sir.

(Members present at this point: Senators McClellan, Kennedy, McNamara, Mundt, and Curtis.)

TESTIMONY OF MORTON E. HENIG—Resumed

The CHAIRMAN. You have been previously sworn, in this particular investigation, have you not?

Mr. HENIG. Yes, sir.

The CHAIRMAN. You remain under the same oath. Proceed.

Mr. KENNEDY. Mr. Henig, you made an investigation and study of the contracts that exist between Mr. Jacobs' company and the union, have you not?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Have you also made inquiries of other companies that will lease automobiles to unions?

Mr. HENIG. I have.

Mr. KENNEDY. Will you tell us what the results are of your investigation?

Mr. HENIG. I looked through the yellow pages of the phone book and picked out a few companies that represent themselves as auto leasing companies and called them up. I spoke to them concerning the specifications in the contract between the UTW and the Auto Leasing Co. and asked them how much they would charge for leasing cars on a similar basis. I submitted letters to those parties. I have here a letter dated June 17, 1957, from the Capital Drive-Your-Self System, which is located in Silver Spring, the owner of which is Mr. Charles Hutman. He states as follows:

The CHAIRMAN. These are related to price of rentals up here in Washington?

Mr. HENIG. Mr. Hutman stated that the price he quotes would apply anywhere east of the Mississippi and from Maine to Florida since the location is not pertinent to the price that he will charge.

The CHAIRMAN. In other words, there seems to be a general price?

Mr. HENIG. The same price would apply because if he has to pay a little higher to supply the car in a certain locality, when he sells the car he will get a little more money for it.

The CHAIRMAN. In other words, there are standard rates throughout the country?

Mr. HENIG. At least east of the Mississippi. He said most of the cars rented by this method are east of the Mississippi.

Mr. KENNEDY. Mr. Jacobs' cars are not just being used in Atlanta, Ga.?

Mr. HENIG. No, sir. They are primarily used in the Southern States, Atlanta, the Carolinas, where the organizers are.

He has one car which is leased in New York City to one of the vice presidents. Other than that, they are all in the South.

Mr. KENNEDY. Did you find also that he has a car leased to himself?

Mr. HENIG. Yes, sir. He charges \$139 a month for that car, charges the union that much money, even though he owns the car.

The CHAIRMAN. Why does he charge \$39 a month more than this contract calls for?

Mr. HENIG. It is a little more expensive car, sir.

The CHAIRMAN. A little better car?

Mr. HENIG. Yes, sir.

Senator McNAMARA. Mr. Chairman?

The CHAIRMAN. Senator McNamara.

Senator McNAMARA. Do I understand that the \$100 a month for a Chevrolet was about what the going rate was in Atlanta?

Mr. HENIG. That is what Mr. Jacobs has, I believe, stated.

Senator McNAMARA. I am not interested in what Mr. Jacobs stated. I am interested in what you are now stating under oath.

Mr. HENIG. What I have here indicates that a car could be rented for about \$85 a month, with about the same specifications.

I can read the letter, or you can make it part of the testimony.

Senator McNAMARA. You mean as of now?

Mr. HENIG. As of now; yes, sir.

Senator McNAMARA. But in 1955, logically they could have been rented cheaper?

Mr. HENIG. Possibly cheaper or for about the same price.

Senator McNAMARA. The information I have is that the Long Co., in Detroit, who is in the business of renting cars of this class, primarily Plymouths, did rent them in 1955, late in 1955, for \$75 a month, and they furnished everything except oil and gas.

Senator CURTIS. Mr. Chairman, I would like to ask one question.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. What do they furnish, besides the car?

Mr. HENIG. According to the contract between the auto lease and textile workers, the only thing the lessor, Auto Leasing Co., would furnish, would be the insurance, the car and the insurance.

Senator CURTIS. Who pays the repairs?

Mr. HENIG. I will read from the lease. This is under the section maintenance and repair, paragraph 5.

Lessee—

that would be the textile union—

shall at all times keep and maintain the automobiles leased hereunder in proper condition to the satisfaction of the lessor, including repairs, servicing and greasing, and shall furnish where required or refurnish or replace necessary equipment and accessories for the proper operation and use of such automobiles including tires, tools, and antifreeze solution. Lessor further agrees that except in an emergency, automobiles of Chrysler, General Motors, or Ford manufacture shall be maintained in repair and serviced in authorized Chrysler, General Motors, and Ford service stations, respectively.

So the lessee, the United Textile Workers of America, would bear the cost of full repairs and maintenance.

Senator CURTIS. In other words, the lessor provides the car and insurance and that is all?

Mr. HENIG. Yes, sir, that is right.

The CHAIRMAN. Is that a standard contract with respect to the others you investigated?

Mr. HENIG. The people I spoke with usually stated that they would supply the car, and that the lessee would normally supply the insurance in matters like that, because he would usually have a good relationship with an insurance broker and might do better or at least feel better if he supplied the insurance himself.

They indicated that it wasn't common to supply the insurance.

The CHAIRMAN. What insurance are we talking about? Fire? Theft?

Mr. HENIG. Public liability, collision, fire and theft.

The CHAIRMAN. I beg your pardon?

Mr. HENIG. That would be public liability, collision, and fire, and theft. The normal insurance you would carry on your car.

I have this one letter, I was referred to, from Mr. Hutman, quotes a price of \$70 per month without insurance and \$15 per month, more or less—

The CHAIRMAN. How much?

Mr. HENIG. Another \$15 a month, for that he would supply public liability insurance for \$300,000 per accident, \$100,000 per person, property damage of \$15,000 per accident and fire, theft, and collision with a standard \$50 deductible. He states that it might be more or less than \$15 per month depending on where the car was being leased because the rates vary from locality to locality. That would be a total of \$85 a month for renting a car of the same type as Mr. Jacob's firm is charging the union \$100 a month.

Senator CURTIS. Does it make any difference whether you take it for a month or a year or 2 years?

Mr. HENIG. These rates are all quoted on an 18-month lease, which, I believe, is the same length of time that the leases between Auto Leasing Co. and—or 24,000 miles. Excuse me.

They were quoted on a price of 18 months or 24,000 miles, which is the same as the Auto Leasing Co. lease.

Mr. KENNEDY. Have you another letter?

Mr. HENIG. Yes, sir. I have a letter from the National Truck Rental Co., dated June 18, 1957. They will supply the same type of cars, 1957 Chevrolet, 210 models, at \$89 a month, which would include the insurance.

The CHAIRMAN. Is there anything further?

Mr. HENIG. I also have a letter from the Hertz Corp., indicating that they would rent a car for \$94.50 a month, which would include also normal maintenance on the cars. In other words, the only thing that the Hertz Corp. lease would not include would be gasoline, oil, or State and local taxes, but it would include everything else, servicing, repairs, tires, repairing equipment.

The CHAIRMAN. In other words, they would furnish everything for less than \$100 a month?

Mr. HENIG. That is right. \$94.50.

Senator MUNDT. Does the Jacobs contract include maintenance?

Mr. HENIG. No, sir.

The CHAIRMAN. Who provides the maintenance under the Jacobs contract?

Mr. HENIG. The lessee. That would be the United Textile Workers of America. In practice, I believe it is the organizers who will supply the maintenance and be reimbursed, probably, by the union.

Mr. KENNEDY. That is all.

(Members present at this point: Senators McClellan, Kennedy, McNamara, Mundt, and Curtis.)

TESTIMONY OF JOSEPH JACOBS—Resumed

Mr. KENNEDY. Have you any comments to make?

Mr. JACOBS. I beg your pardon?

Mr. KENNEDY. Do you have any comments to make?

Mr. JACOBS. The comments I would like to make, sir, if you desire one is—

Mr. KENNEDY. I am not asking like that.

Mr. JACOBS. Yes, sir. I would like to make a comment.

The CHAIRMAN. Before you do that, the Chair makes the letters that the previous witness testified to and identified exhibit 50-A, B, and C.

(The documents referred to were marked "Exhibits 50-A, B, and C" for reference and will be found in the appendix on pp. 3571-3573.)

The CHAIRMAN. Proceed with your statement.

Mr. JACOBS. I would like to say that you have my income tax, and it discloses that in the operation of this business for the year of 1955, which was a 6 months' operation, I made less than \$100 profit on it. I think that in the year 1956 I did not make a thousand dollars profit on it. It was \$900, based upon my tax return. I should like to also, if you do not—

The CHAIRMAN. The Chair regrets to interrupt the witness, but that is a rollcall vote. The committee will have to stand in recess for 15 or 20 minutes, until the Senators can report to the Chamber and vote.

(Thereupon, a recess was taken.)

(Present at the taking of the recess were: Senators McClellan, Kennedy, McNamara, and Curtis.)

The CHAIRMAN. The committee will come to order.

(Present after the recess were: Senators McClellan, Mundt, and Curtis.)

The CHAIRMAN. Will the witness come forward?

The photographers are reminded that the witness requested no pictures.

Mr. KENNEDY. You were telling us about the fact that you wanted to make some comment on Mr. Henig's testimony, and you were telling us that you did not make any money from this arrangement that you had with the union.

Mr. JACOBS. I think, sir, I was telling you about what my tax return showed with respect——

The CHAIRMAN. Do you wish to resume your statement, to make a further statement as to the testimony?

Mr. JACOBS. Please, sir.

The CHAIRMAN. All right. You may.

Mr. JACOBS. Thank you, sir.

I should like to say, sir, that at the time that these automobile rentals were considered, that after we tried them out for a period of time—I can't remember the exact time now—we compared the costs of the cars, and of the 3 it showed that in 2 of the cars it cost the union less money. On the third one, the cost was about the same, or comparable to it, sir. And——

Mr. KENNEDY. You were telling us that in 1956, you only made how much? \$900?

Mr. JACOBS. I believe whatever those figures show, sir.

Mr. KENNEDY. During that period of time, you only had three cars, is that right?

Mr. JACOBS. Through 1956; yes, sir.

Mr. KENNEDY. Now you have nine cars, is that right?

Mr. JACOBS. Yes, sir. There are nine.

Mr. KENNEDY. You charged, I see, bookkeeping and clerical services \$600.

Mr. JACOBS. Yes, sir. We paid that.

Mr. KENNEDY. You spent \$600 bookkeeping and clerical services?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. In connection with that?

Mr. JACOBS. That is correct, sir.

Mr. KENNEDY. In connection with three cars?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Who was your bookkeeper?

Mr. JACOBS. At that time? Let me see—that is the period of 1956. I think Miss Rosenwald was.

Mr. KENNEDY. Is she any relation to you?

Mr. JACOBS. She is my sister-in-law. She was a secretary: worked in my office at that time, and is not there at this time.

Mr. KENNEDY. You have managerial services also for 1956, \$600.

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. It cost \$600 to manage three cars?

Mr. JACOBS. No, sir. The managerial services that we charged for was the handling of the placing of the insurance, seeing that if there was a wreck—if you permit me, sir—there was a wreck that was involved in the course of the handling of 1 of those cars, and we had to get the car hauled from—I forget the town in Tennessee, but 1 of the men driving it hit the side of a bridge and it had to be hauled to the next town, and that town didn't have a garage where they could fix it.

Mr. KENNEDY. Doesn't the insurance handle all of that?

Mr. JACOBS. No, sir; they did not, sir.

Mr. KENNEDY. The insurance didn't handle that?

Mr. JACOBS. No, sir. We had to arrange to get it over there. We finally got it to this place. Then the insurance agent saw it and there was some question about the garage that it was gotten to, and the insurance company asked that it go to another garage, and that was done. Thereafter, in the course——

Mr. KENNEDY. Don't you have collision insurance, sir?

Mr. JACOBS. Yes, sir. Complete.

Mr. KENNEDY. Collision insurance covers all of those costs.

Mr. JACOBS. Yes, sir, but there is somebody that had to do that.

Mr. KENNEDY. And you paid him \$600?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Who had to do this for you?

Mr. JACOBS. My son in the office did it.

Mr. KENNEDY. Your son?

Mr. JACOBS. Yes, sir. And if you will let me finish, sir, I will tell you what else he did with respect to that.

In addition to that, he got bids during the latter part of 1956 and the early part of 1957 on trying to get insurance for the cars and on buying new cars, and seeing what could be done toward establishing a further procedure on cars, and on writing new contracts.

While I am at it, sir, if I may, so that there might be no misunderstanding about it, I stated that there was a \$600 payment for the office. Out of that sir, I paid for the stenographic costs and the regular telephone service, and there were other office expenses that came out of that. I know that I submitted the figures to the investigators so that they might check and see whether that or more was used in the operation of the office.

I believe that I also submitted to them figures which indicated that the office expenses was in excess of the allowance or the amount which was paid to me for the office. I would hesitate to leave the committee under the impression that the \$600 was a payment which went to my pocket, out of which there was no expenditures, sir.

Mr. KENNEDY. Did the same personnel that handled this also handle the southern directorship for the textile union?

Mr. JACOBS. I am sorry, I don't follow you.

Mr. KENNEDY. Did the same personnel that handled these books and made these arrangements for you also handle the books and records for the union?

Mr. JACOBS. We handled no books or records of the union there.

Mr. KENNEDY. Do they do any work for the union?

Mr. JACOBS. Yes, sir, they would. The secretary might do work for the union during the course of her work.

Mr. KENNEDY. That is your sister-in-law?

Mr. JACOBS. At that time. At this time I have another secretary, sir.

Mr. KENNEDY. And then——

Mr. JACOBS. And I had other secretaries during this period of time, too, sir.

Mr. KENNEDY. Did you have more than one secretary?

Mr. JACOBS. At that time?

Mr. KENNEDY. Yes.

Mr. JACOBS. Yes, there was a period of time when we did.

Mr. KENNEDY. Two secretaries in the office?

Mr. JACOBS. Yes.

Mr. KENNEDY. At the same time?

Mr. JACOBS. Yes. As a matter of fact, there was some clerical work that was done in the office where we had—

Mr. KENNEDY. For how long a period of time is that?

Mr. JACOBS. I am sorry, I can't tell you offhand. If it is of any value to the committee, I will be glad to furnish that information to you. I made that available along with the other information that I made available to the investigators when they were in Atlanta.

Mr. KENNEDY. You don't, Mr. Jacobs, see any conflict of interest between you as southern director and being the sole owner of a company that is renting cars to the union?

Mr. JACOBS. If I felt there was a conflict of interest, Mr. Kennedy, I would not have undertaken this, and I would not have borrowed money to purchase the additional cars which I did borrow.

Mr. KENNEDY. Now looking back on it, do you see that there is any kind of a conflict of interest in what you were doing?

Mr. JACOBS. I would say, Mr. Kennedy, to you rather candidly, that at the time I established this firm, there was no question in my mind but that it was the right thing to do, and it was legitimate. There was not effort of concealment.

I would say to you, sir, that because I have become involved in this procedure before this committee, in the light of the allegations or the charges or the comments that have been made, that it might cause me to reflect and to ponder as to whether I would change my approach to it or not. But I have seen nothing, sir, that has been submitted to me that shows that I tried to do this union wrong in this respect or take \$1 from them that was not proper.

I might say, sir, that I checked some of the exhibits, and I noted that there was some variance on some of the contracts. I am sorry I don't have the time to go into them.

I might also comment, sir, that I noted in one of them you have the same kind of language that this type of contract is standard for industrial or commercial firms.

My recollection, sir, is that when I made inquiry in the 1955 period, when these companies learned that there were unions involved, the first thing that they would ask is, "Well, are these cars used by men who may be involved in strike situations or things of that kind?" Then they would begin to juggle on rates.

I notice, sir, that in one of them, for example, that was quoted, they say that local taxes in addition have to be paid. That is not one of the things that is required in this contract. We pay those taxes, sir.

Mr. KENNEDY. Mr. Chairman, we have a couple of letters here from the auto leasing company, and in none of them do I see the signature of the witness or his name appearing on them. It is some business transaction between the auto leasing company and the United Textile Workers of America.

Mr. MUNDT. Is your company incorporated, Mr. Jacobs?

Mr. JACOBS. No, sir; it is a trade name. If you will forgive me, I think it is myself trading as Auto Leasing Co.

Senator MUNDT. While the counsel is conferring, Mr. Jacobs, I wish you would straighten out my thinking a little bit more on the nature of your position with UTWA, the southern director.

You said you did not know in your own mind whether you were over the vice presidents, directing their activities, or whether they were directing yourself.

Tell me, No. 1: Are you elected at a convention or by a local or by an association?

Mr. JACOBS. No, sir. I am employed by the union. I maintain an independent status, sir. I am an employee. I work for the union. If they desire—

Senator MUNDT. Let me ask you this: Are you appointed from the international headquarters?

Mr. JACOBS. Yes, sir.

Senator MUNDT. Were you appointed originally by Mr. Klenert?

Mr. JACOBS. Mr. Valente originally appointed me.

Well, sir, originally I represented, as a lawyer, a number of unions. I think that thereafter I was a special representative in matters that were not legal matters. I believe then I was, I think it was, southeastern or lower south director of certain States, and, thereafter, southern director. But in those instances, my appointment in each instance, or employment, sir, came from the international president.

Senator MUNDT. In the first instance, then, you were appointed by Mr. Valente who was then president of the International UTWA?

Mr. JACOBS. Yes, sir.

Senator MUNDT. And your first appointment apparently was not as southern director, but it was something lesser than that?

Mr. JACOBS. Yes, sir.

Senator MUNDT. And eventually Mr. Valente appointed you as southern director?

Mr. JACOBS. I believe a man quit who handled another area and they asked me if I would take over that area, sir, and I did. I was extended that much. And then as the work extended, additional States were added on. As a result, sir, I have one of those heavy workweeks that run from 80 hours or greater a week, sir.

Senator MUNDT. Are you appointed for a term of years?

Mr. JACOBS. No, sir.

Senator MUNDT. You are just appointed subject to the discretion of the international president?

Mr. JACOBS. I would say, sir, that my employment is in the same fashion that an employer would hire a worker who did not have a union contract. It was subject to termination at any time when he might be dissatisfied.

I might also say to you, sir, that I would have it no other way. If I can't do the work or the job that ought to be done as a man occupying that post, I would not want it any other way. I have been asked many times, sir, at conventions that I have attended, why I did not run for office, and I have said, without any conjectures that might be drawn from it, that I am not a politician, sir, and I didn't want to get involved in the politics of the local union.

Senator MUNDT. Are you a union member?

Mr. JACOBS. Yes, sir. I am a member of the union of the United Textile Workers of America.

Senator MUNDT. You are certainly not a textile worker.

Mr. JACOBS. As an employee of it, I asked if I could join, and they permitted it, sir. I am a member and have been a member for a long period of time of another union, sir.

Senator MUNDT. But you have no official capacity? You are not a member of an executive committee or executive board?

Mr. JACOBS. No, sir I sit in on the board meetings, sir. I make reports to the board meetings. I am subject to their call for advice.

Senator MUNDT. How many other employees hold similar positions? Is there a western director, a northern director and an eastern director?

Mr. JACOBS. There are some other directors; yes, sir, in other areas. Yes, sir.

Senator MUNDT. That have similar positions; sitting in with the board?

Mr. JACOBS. No, sir. Mine is not quite like those. I believe that most of those are elected officials, who are elected at conventions of the union.

Senator MUNDT. There is no other director that they have who has quite the same unique situation as you have? You are different?

Mr. JACOBS. Yes; might I say to you, Senator, that the reason for it is that I desire to be in a position that, from time to time, if I could represent another union in an isolated case or in other cases, where it might take some of my time, I did not want to have an arrangement whereby I could not do it, sir. I asked that I be employed on that basis. The basis was that as long as I did not neglect the work of this union, and took care of it, that I could do it, because I did not want to isolate myself to the one union in terms of my law practice, sir.

Senator MUNDT. I want to clear up for myself where you sit at this organizational table. Compared to the president, you are inferior to him; he is a superior officer to you, is that right?

Mr. JACOBS. Yes, sir.

Senator MUNDT. Compared to a vice president, is he superior to you or subject to your order or suggestions or counsel, call it what you like.

Mr. JACOBS. That is somewhat difficult to answer. Let me see if I can show you why, sir. There are some vice presidents who work with me. There are some of them whom I would hesitate to say that I give any directions to because of their ability and their years of service and so forth.

There are other men who were organizers who have become vice presidents whom I would say that I direct in terms of their work, sir. I have no authority, for example, over any other vice president in any other area at all.

But along with these vice presidents, sir, there are other organizers, too, on the staff, to whom I give directions, sir.

Senator MUNDT. It seems to me you must have some line of command in any organization. You have to know where authority rests. You say it rests with the president and then next to the president, I suppose, is the executive board.

But when you get to the vice presidential level and the director level, the local union officials have to know who to look to for a final word, without going up to the top.

I am trying to find out to my satisfaction whether or not they look to you or to the vice presidents of that area.

Mr. JACOBS. Let me see if I can put it this way, sir. As far as the administration of the work in the South, the handling of affairs of the

various local unions, I would say that I have the administrative superiority.

So far as any position on the executive board, for example, these men, if they desired, could come to the executive board and say, "We want Joe Jacobs fired," and on that board they could vote, along with other executive board members, to fire me.

Senator MUNDT. And all the vice presidents have a vote on the executive board?

Mr. JACOBS. Yes, sir, and I don't.

Senator MUNDT. You do not?

Mr. JACOBS. No, sir.

Senator MUNDT. You sit there as a counselor or a conferee?

Mr. JACOBS. I make a report of the southern area. I assist in any way that I am called upon. There are times, sir, when I miss portions of the board meeting. There may be times when I may not be present at a particular session.

Senator MUNDT. Suppose you have a vice president working down there who is bad news for the union, who is not much good. Is it part of your responsibility to report him?

Mr. JACOBS. Yes, sir; I would.

Senator MUNDT. To the executive board?

Mr. JACOBS. Yes, sir.

Senator MUNDT. So in that regard, you would be his superior?

Mr. JACOBS. Yes, sir. That is the reason that I said that administratively you would say that I was, but when it came to the actual functioning of the board, he is actually the man who could participate in a vote to either discharge me or anything else, sir.

Senator CURTIS. Mr. Chairman?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. As southern director, do you contact employers?

Mr. JACOBS. I am not certain I understand.

Senator CURTIS. When you are performing your duty as a southern director of the UTWA do those duties call for dealings with employers?

Mr. JACOBS. Yes, sir; in collective bargaining sessions and things of that kind.

Senator CURTIS. Is the Labor Service Bureau a trade name, also?

Mr. JACOBS. Yes, sir.

Senator CURTIS. So, in reality, it is John Jacobs doing business as Labor Service Bureau?

Mr. JACOBS. Joseph Jacobs doing business as Labor Service Bureau. But that does not enter into any relationship with an employer.

Senator CURTIS. What are the services offered by the Labor Service Bureau?

Mr. JACOBS. Actually, sir, at this time I would say it is defunct. It is a trade name I have used over a period of time in making social-security returns and making my income-tax returns and I have just continued to use it. It has nothing functional, really.

Senator CURTIS. It has no function?

Mr. JACOBS. No, sir.

Senator CURTIS. How would you use it in your social-security returns?

Mr. JACOBS. Well, sir, we had quite a hassle about this some time ago where I wanted to change the naming of the social-security returns

and they said I could not do it because the original name was set up that way and a number allocated to it.

They insisted that it be done that way. Of course, I was not going to get involved in litigation about it.

Senator CURTIS. Does the Labor Service Bureau have any employees?

Mr. JACOBS. No, sir. I ran it for a period of time and had a secretary that we used for it, but it is merely a trade name that has carried on. If I dropped it tomorrow, sir, I don't know that its passing would be noticed on any basis.

Senator CURTIS. But it was not until recently that social security was extended to the self-employed. If this had no employees, how would it come under the social-security law in its operation?

Mr. JACOBS. It happened, sir, on employer. I filed a return for the secretary under that name as an employer and had to make a report as an employer under that name and under that number.

As a result of a talk with them and correspondence, I believe——

Senator CURTIS. Let me ask you this: Has the Labor Service Bureau ever performed any service or conducted any business in its existence?

Mr. JACOBS. Yes, sir.

Senator CURTIS. What was the nature of that business or service that you performed?

Mr. JACOBS. For a period of time we handled arbitrations——

Senator CURTIS. Between whom?

Mr. JACOBS. And negotiations. Various unions, sir.

Senator CURTIS. Included among those unions was the textile workers' union?

Mr. JACOBS. Yes, sir.

Senator CURTIS. Were you a southern director at that time?

Mr. JACOBS. I don't think so, sir.

Senator CURTIS. But you were employed by the union in other capacities?

Mr. JACOBS. I beg your pardon?

Senator CURTIS. You were employed by the union in other capacities?

Mr. JACOBS. No, sir. That was the only capacity at that time.

Senator CURTIS. Then this Labor Service Bureau is the oldest connection that you have with the textile workers?

Mr. JACOBS. No, sir. Well, it may be. I just am not certain, because this goes back some 15 years or more, I think. It is a little difficult.

Senator CURTIS. In other words, the Labor Service Bureau was something originally intended to handle arbitrations and to handle matters between employers and employees?

Mr. JACOBS. That is right, sir.

Senator CURTIS. Did it collect fees from both?

Mr. JACOBS. No, sir. Only from the people whom we represented. If there was a charge made, it was made to them, and we have never represented an employer.

Senator CURTIS. The Labor Service Bureau did not represent the employer?

Mr. JACOBS. That is right, sir.

Senator CURTIS. Was any part of the charge paid by the employer?

Mr. JACOBS. I am sorry. I did not hear the questions.

Senator CURTIS. Would the employer pay any part of the charges made by the Labor Service Bureau?

Mr. JACOBS. No, sir.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. The Chair would like to inquire of you if there is any significance in this fact. I hold in my hand 3 photostatic copies of letters apparently taken from the files of the United Textile Workers of America, together with 3 photostatic copies of checks. The letters contain a statement of the account, the amount due.

For instance, January 21, 1957, this letter was addressed to Mr. Klenert as secretary-treasurer of the United Textile Workers of America, in which you point out there will be \$200 due for that month for certain cars.

Another letter is dated January 28, 1957, in which you point out the amount due for the coming month in the amount of \$872 for cars.

Another one is for February 26, 1957, showing the amount that will be due on March 1 of \$1,022. These checks were sent in response, apparently, to these letters.

Do you know why these letters bear no signature?

Mr. JACOBS. Will you let me see them?

The CHAIRMAN. Yes.

(The documents were handed to the witness.)

The CHAIRMAN. You will notice that these letters are signed with a typewriter, the Auto Leasing Co., and that is the company which made the lease, and which you said you own exclusively.

I am wondering about handling statements in that fashion.

Mr. JACOBS. Mr. Chairman, if I may say, I don't sign any bills that go out of my office, sir.

The CHAIRMAN. Those are letters.

Mr. JACOBS. If you will note on this one of January 21, 1957, my initials appear.

The CHAIRMAN. Your initials appear in typewriter, "JJ."

Mr. JACOBS. Yes, sir. It may very well be when this was sent out that my secretary at that time just sent it out without getting me to sign it.

The CHAIRMAN. You have three of them in succession.

Mr. JACOBS. Yes. Each of them is a bill, actually, and I don't sign any bills, that I know of. There is no reason for it, that I know of, particularly.

I might say, sir——

The CHAIRMAN. You, being a lawyer, know what I am driving at. Does that have any significance in that you were trying to conceal your ownership?

Mr. JACOBS. No, sir. If you will look at the top of the letter, it says 60 Central Avenue, Atlanta, Ga., and it has my phone number.

The CHAIRMAN. Your phone number is not your name.

Mr. JACOBS. No, but everybody knows it is my office.

The CHAIRMAN. They know it is the office of that company.

Mr. JACOBS. No, they know that that is my office, sir, that I am there. There is no attempt to hide anything.

The CHAIRMAN. You mean that is the office where you have all of your business, this company and everything else?

Mr. JACOBS. That is right, sir. It is right there. There is no attempt to hide it.

Mr. KENNEDY. In one of the letters, you mention your own name, do you not? Do you not say, "Joseph Jacobs"?

Mr. JACOBS. No, this says—

Mr. KENNEDY. It is in one of those three letters.

Mr. JACOBS. Well, this one says:

We have this day delivered to members of the staff to this date which now include Reynolds, Jacobs & Cope, three new automobiles—

yes, sir.

The CHAIRMAN. That is for yourself?

Mr. JACOBS. Yes, sir. But if I remember this, I don't have any knowledge of it at all. It may very well be that at the end of the month—

Mr. KENNEDY. There is another letter that has your name.

Mr. JACOBS. May I finish?

That at the end of the month, the secretary listed that as the car and sent it out.

The CHAIRMAN. I appreciate that. If you are finished I will show you another one.

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Here is a photostatic copy of a reply from the union, from Lloyd Klenert, to the Auto Leasing Co., in which a check for \$300 is enclosed to cover 3 cars.

This letter is dated January 2. It must be in response to the letter that you wrote submitting a bill.

May I see that letter carrying the February account?

Here is where you get a check for \$300 dated January 2. I do not see any bill here, any letter here—I see. This check and the letter referred to is not in response to that. I thought it was.

I will hand you this photostatic copy of the letter dated January 2, 1957, which I am advised was found in the files of the union, together with a photostatic copy of a check of January 2, 1957.

There is another thing that may be significant. I notice that Mr. Klenert addresses Auto Leasing Co. and then refers to you as "Gentlemen." If he knew you owned the company yourself, would he address you in the plural that way, do you think?

(A document was handed to the witness.)

Mr. JACOBS. Well, of course, I cannot say what he was thinking.

The CHAIRMAN. I cannot either. I do not know. But we have these circumstances here.

Mr. JACOBS. I should like to say, sir, that I know that there are many times that payments have been made, and I am not sure whether this is the only one that says "Gentlemen." He may use that as routine.

The CHAIRMAN. He may very well, but since we are inquiring into the matter, your explanation of it is desired.

Mr. JACOBS. That is the only thing I can say. I have no reason why he said, "Gentlemen," instead of "Dear Sir," or "Dear Joe," or whatever.

The CHAIRMAN. How well did he know you? Pretty well?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. He might say "Dear Joe"?

Mr. JACOBS. He might. I have no idea why he said "Gentlemen."

The CHAIRMAN. I do not know, myself. But there are these little indications here that might have some significance.

Mr. JACOBS. Senator, may I assure you that the men who used these cars knew that I was the man who was running the business. There was no effort of concealment at all.

The CHAIRMAN. Just reverse the situation. If you were a lawyer looking into this thing and interrogating witnesses, you would not have overlooked the opportunity to give the man an opportunity to explain, would you?

Mr. JACOBS. No, sir. And I want to say that I appreciate your giving me that opportunity. Knowing your reputation in your State as a lawyer, I am certain that that was the reason it was done.

The CHAIRMAN. Well, sir, it is done to develop the truth as far as we can get it from every witness who comes on the stand.

Those will be made exhibit 51A, B, C, and D, in order of their date.

(The documents referred to were marked "Exhibits 51A, B, C, and D," for reference and will be found in the appendix on pp. 3574-3581.)

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Jacobs, you stated in answer to a question of Senator Mundt that you were not an officer of the union, that you were not on the board of directors of the union; is that right?

Mr. JACOBS. I am not an executive board member, sir.

Mr. KENNEDY. You are not an executive board member?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Do you sit in on their executive board meetings?

Mr. JACOBS. Yes, sir; I have said that I do. There are times when I may not be present in the course of the meeting because of some other things that I may be doing.

Mr. KENNEDY. You take a part in those board meetings, do you?

Mr. JACOBS. I make reports, sir, or I make suggestions, or I may speak from time to time, but I have no vote, sir.

Mr. KENNEDY. And you offer resolutions; do you not?

Mr. JACOBS. No, sir; I never make resolutions.

Mr. KENNEDY. Do you make suggestions on resolutions?

Mr. JACOBS. I make suggestions on various matters. Whether I remember specifically a resolution—it is possible.

Senator CURTIS. Do you sometimes draw up resolutions to carry out what the voting members of the council have agreed upon?

Mr. JACOBS. Yes, I think there have been some in the past that I have done that with, too, yes, sir. It might be a matter of some language or something of that kind.

Senator MUNDT. Before we leave these automobile items Mr. Jacobs, one of these cars you leased to yourself and it is paid for by the union.

Mr. JACOBS. Yes, sir.

Senator MUNDT. So that should be added to the income you receive from the union. You get \$15,765 a year, plus an automobile.

Mr. JACOBS. Senator, of that \$15,000, I think maybe you are adding on the office expense. I am not sure.

Senator MUNDT. I have added \$150 a week, and \$50 a week, and \$105 a week per diem. That made \$15,765 per year.

To that you would have to add the fact that you are, to all intents and purposes, given an automobile, given the use of an automobile, free of all expenses except operating expense.

Mr. JACOBS. Mr. Senator, the figure you gave of \$15,000 is correct, sir. It includes the per diem, and, of course, I have hotel bills and

meal expenses when I am on the road, and that is a good portion of the time.

Senator MUNDT. To that you get the free use of an automobile.

Mr. JACOBS. Yes, sir. The other arrangement that I had originally was that they paid the mileage on my car. In other words, as I rode up and down the country. I owned previously another kind of a car, and I did not want, if I could, to have to buy another car, because I felt that I was trying to get away, actually, from some of the traveling in a car. They furnished me this car. I use this in my travel, and, of course, for the union work in the same fashion—

Senator MUNDT. So you get the \$15,765 plus an automobile?

Mr. JACOBS. Yes, sir; the use of a car.

Senator MUNDT. The use of a car?

Mr. JACOBS. Yes, sir.

Senator MUNDT. Do you get a Chevrolet, too, or is yours a little better?

Mr. JACOBS. They are not Chevrolets. They are Fords, actually.

Senator MUNDT. You all have the same kind of cars?

It says Chevrolets here. They must have switched companies someplace along the line.

Mr. JACOBS. I think originally they were Chevrolets. They are now Fords.

Mr. KENNEDY. Then, Senator, there is the Auto Leasing Co. which he has in addition to that.

Senator MUNDT. Yes.

Mr. KENNEDY. That is an income of about \$900, or a little over \$900 a month, which comes from the union.

Senator MUNDT. Profit or gross?

Mr. KENNEDY. Gross.

Mr. JACOBS. That is right. From rentals.

Mr. KENNEDY. Then you have expenses on top of that, do you not, Mr. Jacobs, to the union, your expenses on top of that?

Mr. JACOBS. I don't follow you.

Mr. KENNEDY. You have expenses in addition to the moneys that Senator Mundt discussed which you receive from the union? You have expenses on top of that that you charge the union for?

The CHAIRMAN. In addition to the \$105 a month that you testified as an allowance that you receive for expenses.

Mr. JACOBS. The only expense other than that which I am reimbursed for if I have a tax expense, or going out to an airport, the payment of that actual travel. In other words, it is a specific expense.

Mr. KENNEDY. What about your organizational expenses in your organizational work? Do you get expenses for those?

Mr. JACOBS. Those are reimbursements or particular moneys for particular expenditures.

Mr. KENNEDY. What kind of vouchers do you submit on that? Do you submit detailed vouchers as to how you spend the money?

Mr. JACOBS. We try to submit detailed vouchers. There are instances where there is a specific use of it. I would say that in the course of a year there are several hundred vouchers that we submit based on expenses or bills or things that are incurred on behalf of the union which they may reimburse me for.

Mr. KENNEDY. Do you tell them how you spent the money? Do you say, for instance, "I spent a thousand dollars" and then do you tell them how you spent the thousand dollars?

Mr. JACOBS. We try to. It is not done quite that offhandedly, Mr. Kennedy.

Mr. KENNEDY. That is what would be disturbing. Do you tell them when you spend this money how it was spent, where it has gone?

Mr. JACOBS. We not only try to tell them, but we try to use it as efficiently and as frugally as we can. We try, in the work that we do, to make reasonable expenditures for the particular purpose.

The CHAIRMAN. At this point, the Chair finds something here that intrigues him a little. I have four canceled checks with expense vouchers attached. The expense vouchers are signed by you—no. The expense vouchers are signed by Mr. Klenert. Also the checks are signed by Mr. Klenert. The four are dated on the same day, February 16, 1956. I am talking about the expense vouchers. Each voucher is dated February 16, 1956. Each check in payment of the vouchers is dated February 17, 1956. The checks are in the amount of \$217.43, \$637.29, \$487.18, and \$159.82. Each one of these checks bears your endorsement. I will ask you to examine these checks, also the vouchers, and state, first, whether you submitted vouchers for these amounts, second, whether you received the payment as indicated by the checks, and if you can explain how so many vouchers are submitted for the same date, with the checks written on the same date, totaling whatever they total, and I will get that in a moment.

While you examine them, the Chair will total them. It seems like a pretty big expense account for 1 month. See if you have any recollection of it. It is for this year.

(Documents handed to witness.)

The CHAIRMAN. If that is the kind of vouchers for expense accounts that are submitted, I would like a little explanation of it. The 4 checks total \$2,360.42.

Mr. JACOBS. Senator, I have five checks, sir. I am not certain whether I have gotten an extra one. Might we check and see if these are the ones, or do you want that one, too?

The CHAIRMAN. I want those dated on the 16th.

I am sorry, I might inadvertently have given you an extra one.

Mr. KENNEDY. Mr. Chairman, I might say that this is over and above Mr. Jacobs' regular—

The CHAIRMAN. Give me the amounts of those checks. I will total them. Those are all dated the same day, and the vouchers dated the same day?

Mr. JACOBS. Yes, sir, they appear to be the same date.

The CHAIRMAN. Give me the amounts of the checks.

Mr. JACOBS. \$217.43, \$637.29, \$487.18, \$159.82.

The CHAIRMAN. The Chair made a mistake. I got shuffling these checks and got one inadvertently.

Mr. JACOBS. That is why I was not certain I was following you.

The CHAIRMAN. Now we will see what these total.

Go ahead.

I will correct the total.

Mr. JACOBS. Shall I wait on you, sir?

The CHAIRMAN. No. Go ahead with your explanation.

Mr. JACOBS. These appear, Senator, to be checks which were sent to me. This check in the amount of \$217.43 appears to be expenses in

the Melrose Hosiery campaign in High Point, N. C., where we had an election campaign. I am sorry that I wasn't asked about these checks or shown these checks by your investigators when they were in Atlanta. I might have been able to, looking into my files, give them something closer in terms to dates as to when the elections took place.

The CHAIRMAN. I believe the checks total \$1,501.72.

Mr. JACOBS. Whatever the total is, sir. If they would have asked me there, I would have tried to have given them an answer.

The CHAIRMAN. Let me ask you if that is the form of vouchers that accompany these checks.

Mr. JACOBS. These checks usually come with these vouchers, sir, that is correct.

The CHAIRMAN. What kind of a voucher or bill do you submit to get the checks?

Mr. JACOBS. There are times, sir, when in addition to this voucher, not in all instances but in many, many instances after this voucher is sent in or before it is sent in, I may have sent in, along with my report, vouchers either for the full amount of this, or a portion of the amount, depending on whether or not it had already been expended, or whether or not it was to be expended.

The CHAIRMAN. The point I am making is this: An auditor from those checks and the vouchers there attached to them could not tell what the checks were for, could he, except that you listed generally that you spent it in some area or something like that? It does not show what the expenses were, whether it was cab fare, hotel bills, and so forth?

Mr. JACOBS. May I suggest to the Senator this, sir, that while this merely shows the location or where it was spent, or the particular location of the campaign that was involved, as I say, if I had been asked this where my files were available I am sure that by looking at them I could refresh my memory and tell you what portion of this went to what.

Inasmuch as these have odd numbers, I am certain that they cover specific expenditures.

It may very well be, Senator, that there are other vouchers covering these items which are attached to the reports that I sent in, to weekly reports, along with other vouchers on them, which would indicate these particular expenditures. I am not sure that that is so, but it may very well be.

Now, sir, on this particular check with reference to Melrose, I know, sir, that we had a campaign there, that we had an expenditure for sometime that was loss, for some committee people, for committee work. We had a number——

Mr. KENNEDY. Mr. Jacobs, I don't want to interrupt, but will you explain where the money went?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Who did it go to?

Mr. JACOBS. It went to workers in this particular situation.

Mr. KENNEDY. Who got the money? You submitted other vouchers during that period of time, that month. For instance, \$330.67, \$354.40, and we have been able to verify those vouchers. But these vouchers have no verification at all. You just received the money. What did you do with the money?

Mr. JACOBS. Mr. Kennedy, I was never asked until——

Mr. KENNEDY. Now I am asking you. What did you do with the money?

Mr. JACOBS. I am trying to tell you. This money was given to workers in this situation.

Mr. KENNEDY. What workers? Who did you give the money to?

Mr. JACOBS. If you would permit me to get my files on this, and look at them, I will try and tell you the exact workers. I couldn't tell you——

Mr. KENNEDY. Those are the vouchers that the trustees have to work from.

Mr. JACOBS. May I finish?

I can't tell you by looking at the naked check——

Mr. KENNEDY. Neither can a trustee, then.

Mr. JACOBS. I cannot tell you by looking at this naked check who the particular individuals were, and if I tried to guess at it, I would not be doing justice to you or myself.

Mr. KENNEDY. All you have to do, Mr. Jacobs, is say you don't know, and cannot tell us.

Mr. JACOBS. No, sir. For example, I know in this particular situation, which is the Enka Lowland situation, we have had either 3 or 4 organizing campaigns in that situation, and time after time we have had committees in there from other plants to assist us.

Mr. KENNEDY. I am sure of that, Mr. Jacobs. You are not answering the question.

If you can't answer it, or say you want to search your files——

Mr. JACOBS. I should appreciate the privilege of searching my files.

The CHAIRMAN. Make a memorandum of those before you leave them. Search your files, and send us an affidavit at your earliest convenience, since you are so closely identified with this union, if you know or can find out why the union's record does not reflect what those expenses were for other than those vouchers that are attached to the checks.

Mr. JACOBS. I lost you. I got the first part, sir; to find out the facts and send you an affidavit. Then I missed the other.

The CHAIRMAN. I said in your affidavit if you can show what it is for, do so, and any explanation you can give, since you are very close to the union, as to why the union's records do not show anything except those vouchers and canceled checks, where the vouchers are that the union should have to substantiate the expenditure.

Mr. KENNEDY. I might say, Mr. Chairman, this is all that the trustees would have to work from when they are reviewing the books and records of this union.

The CHAIRMAN. Unless there are other vouchers, records or items in there.

Mr. KENNEDY. These are from up here, Mr. Chairman. Anything that he has in his records down in Atlanta would be something else.

Mr. JACOBS. But I might have notes. For example, I started to tell you before, but Mr. Kennedy did not permit me to quite complete it, I have in my files in the Lowland situation, sir, lists of people who got moneys over an extended period of time or shorter period of time, of actual payments.

The CHAIRMAN. Do you keep copies of the reports you send in to the International Union?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. If you have copies of reports, you should have something on there.

Mr. JACOBS. They were made available to the committee, sir.

The CHAIRMAN. They say they have not found them.

Mr. JACOBS. Without getting into a dispute with the committee, when they were in my office, they spent a period of some nearly 4 weeks, I think, sir, and their primary time that they spent was with the financial records of the different things that I had.

Well, sir, they never did ask me, for example, about a thing of this kind. This is the first I have been asked to explain this.

The CHAIRMAN. Did you turn over all your records to them?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Have they been turned back to you?

Mr. JACOBS. When you say all my records, there are files, correspondence files, notation files, campaign files and things like that, that they didn't ask for.

The CHAIRMAN. I meant those records pertaining to your connection with the union.

Mr. JACOBS. My financial records; yes, sir.

The CHAIRMAN. All right. Your financial records should contain certain vouchers for these, would they not?

Mr. JACOBS. No, they might not contain the vouchers there, because I would not keep vouchers there.

The CHAIRMAN. Would they have copies of your reports to the union?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Copies of your bills you submitted to the union?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. If they are not in there, we did not get all of it, if you still have them.

Mr. JACOBS. No, I wouldn't have vouchers that I know of, sir.

The CHAIRMAN. You would have copies of statements and reports that you sent to the national union, would you not?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. Upon which they issued this kind of a voucher, I assume, and then mailed you a check.

Mr. JACOBS. Yes, generally that is correct.

The CHAIRMAN. I would think that would be the way. When you send in a bill, you would explain what it was for, and if you have receipts for the expenditures that you make, for which you are entitled to reimbursement, you either enclose them or identify them so they will know what it is.

Mr. JACOBS. Yes, sir.

(At this point Senator Kennedy entered the hearing room.)

The CHAIRMAN. You keep some kind of copy of that, I am sure.

Mr. JACOBS. I have a form where I try to keep a record of it, sir.

The CHAIRMAN. Make an examination of your records and send us an affidavit back as to what they reflect when you do examine them.

Mr. JACOBS. Yes, sir.

Senator MUNDT. Mr. Jacobs, we have established thus far that your income from your union connection is \$15,765 a year.

Mr. JACOBS. I am sorry. I couldn't hear that amount.

Senator MUNDT. \$15,765 a year direct to you.

Mr. JACOBS. Yes, sir.

Senator MUNDT. Plus what you share in as part of your law partnership with that \$58 a week retainer, plus whatever you make from the Auto Leasing Co.

Mr. JACOBS. Yes, sir.

Senator MUNDT. Are there any other financial benefits accruing to you because of your position as director? I should add, that your son-in-law in Houston, Texas.—I believe your son-in-law——

Mr. JACOBS. No, sir. My brother-in-law.

Senator MUNDT. He shares in the financial transactions, and your sister-in-law, or sister—sister-in-law?

Mr. JACOBS. She is no longer employed by me.

Senator MUNDT. She did share. I am not saying that they are wrong about that, but I am pointing out what the family got. And your two sons got benefits as managers or directors or watching the automobile wreck or something.

Mr. JACOBS. I think it was the same son, sir.

Senator MUNDT. I am trying to find out whether there were any other financial benefits accruing to you or to your family because of your relationship with the union.

Mr. JACOBS. I don't know, sir. I have other interests that have nothing to do with this union that I am engaged in. But to my best recollection, sir, that is all.

Senator MUNDT. Your son is a partner of the law firm?

Mr. JACOBS. Yes, sir. And in independent general practice.

Senator MUNDT. That is not the son, apparently, who was out dealing with the automobiles? That must be a younger son or the same son.

Mr. JACOBS. No, sir. It was this same son at that time.

Senator MUNDT. You have just one son?

Mr. JACOBS. No, sir. I am proud to say that I have three sons.

Senator MUNDT. Are they all connected in the business in one way or another?

Mr. JACOBS. No, sir.

Senator MUNDT. Just the one son shared in the benefits?

Mr. JACOBS. Yes, sir. My other 2 sons, sir, 1 has just finished college and is awaiting his Army draft, and my other son, sir, is in medical school.

Senator MUNDT. Think hard, Mr. Jacobs, and refresh your memory. Are there any other financial benefits you get because of your relationship with the United Textile Workers Union?

Mr. JACOBS. I can't remember anything else.

Senator MUNDT. There isn't anything in the nature of insurance paid for by the union, of which your family would become the beneficiary?

Mr. JACOBS. There is a——

Senator MUNDT. You forgot that? Tell us about that.

Mr. JACOBS. When you talk about benefits, I was thinking of weekly payments or monthly payments.

Senator MUNDT. I am thinking about the whole picture. Of course, an insurance policy paid for by someone else, accruing to your family, is a financial benefit.

Mr. JACOBS. Yes. There is some group insurance that all employees get for hospitalization that I participate in.

Senator MUNDT. Hospital insurance. Any other kind of insurance?

Mr. JACOBS. There is some kind of a pension plan that they have that I would participate in.

Senator MUNDT. Life insurance, perhaps?

Mr. JACOBS. No, sir.

Senator MUNDT. Hospital insurance?

Mr. JACOBS. I don't know that it is life insurance. It is some kind of a pension plan. I am not fully aware—No, I think they bought some kind of policy that is supposed to pay after a certain number of years of age and service a certain amount.

Senator MUNDT. The records show, Mr. Jacobs, that you are the holder of policy No. 361221, a 20-year endowment policy, in the amount of \$14,391.

Mr. JACOBS. That is the pension plan arrangement, sir.

Senator MUNDT. Does that mean you get that much per year, \$14,000?

Mr. JACOBS. No. As I remember, I think that pension plan arrangement, if I live to whatever the age, I think it is 60 or 65, is that I would get an amount of some \$50 or \$60, or something, based on the number of years that I had worked with the organization.

Senator MUNDT. Most 20-year endowment policies, even though they carry pension benefits, also are life benefits, if you die in the interim. That is, a 20-year endowment policy normally pays to the insured's beneficiary, in case of death, a lump sum amount. If you live it out, you get a smaller amount per month in the way of a pension or annuity.

Mr. JACOBS. I am not sure, but I believe that this policy here would pay my widow a certain amount of money over a period of time. I just don't know the details. But, again, that, sir, would be based on how long I had been with them, I think, or some valuation that they set on it. As I remember, the time when pensions were provided, or this type of thing was provided, we found that in order to get any kind of a pension arrangement, it was almost prohibitive in cost to follow a pension arrangement like a big company would, and that this was the type of policy that could be used by a smaller setup to provide some kind of pension arrangement. You are right, sir, that I do participate in that. If I live that long, or my widow might if I die.

The CHAIRMAN. That evidently costs something in the way of premium. Do you pay the premium on it?

Mr. JACOBS. No, sir. The union. The union pays that not only for myself but for the other employees who are covered by it, sir. That is no special arrangement for me.

The CHAIRMAN. In other words, your statement is in effect that you get this because of the fact you are a union member.

Mr. JACOBS. Yes.

The CHAIRMAN. Do you pay dues as a union member?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. So you are sharing in a program here, and so forth, by reason of the fact that you are a union member; is that right?

Mr. JACOBS. No, sir.

The CHAIRMAN. Or is that a part of the compensation for the work that you do?

Mr. JACOBS. No, sir. The employees of the union, who work for the union, share in this. The organizers, the men——

The CHAIRMAN. Who pays for this?

Mr. JACOBS. The union pays for it.

The CHAIRMAN. In other words, it comes out of union dues?

Mr. JACOBS. Yes, sir, just like a company would carry hospitalization insurance on its employees and have a pension plan on its employees and its officers at the same time.

The CHAIRMAN. Then you get the benefit. In other words the union members provide that benefit by reason of that being paid out of their fund, providing that for you and the other selective group that shares in that program.

Mr. JACOBS. Yes, sir. If I remember, sir, at the time this arose, we were trying in many plants to persuade employers to give pensions to employees. I remember once or twice some of them asked us whether we had pension plans and it was a short time after that we began to say, "Well, if we are asking employers to do it, then as a good union, who takes care of its employees, we ought to do that." That came at a time I think you gentlemen are aware of, when there was a tremendous movement in the companies for pensions.

Senator MUNDT. I am trying to establish total financial receipts from the union, benefits. We would have to add to that whatever the policy in the amount of \$14,391 is worth to your heirs or to you. That would be part of the compensation that you receive, part of the money that you get, at least, because of your connection with the union?

Mr. JACOBS. Yes, sir. It would be the actual premium costs; would it not?

Senator MUNDT. Surely.

Mr. JACOBS. Rather than the total amount. I would not live, sir, to see that amount.

Senator MUNDT. It would be whatever the insurance costs the union.

Mr. JACOBS. That is right.

Senator MUNDT. In talking with Mr. Klenert, he discussed with us at some length a rather curious and convenient arrangement that the members of the executive board had in making loans to each other without collateral and without interest.

As a director, did you share in that convenient loan-making arrangement?

Mr. JACOBS. On one occasion, sir. I borrowed some money from the union, and I repaid it by having it repaid each week, taken out of my check, sir.

Senator MUNDT. But you got it on the basis of no interest and no collateral?

Mr. JACOBS. Sir, nobody else paid it, paid any interest. If there had been interest paid, I would have done so.

Senator MUNDT. I know that. This is the best loaning institution of which I have ever heard.

Mr. JACOBS. Senator, as a matter of fact, though, sir, may I suggest to you that we have some employers with whom we deal who brag, and rightly so, sir, that they loan money to their employees free and without interest, sir. I am certain that their employees appreciate it.

Senator MUNDT. It is a different type situation from having a little club that passes on each other's loans. There is no analogy that I can find there, Mr. Jacobs, with all due deference to you about an em-

ployer who loans money to an employee, to help him over a bad time, without interest or collateral. That is fine, and that is commendable.

But that is different from belonging to a club which passes on each other's loans and has the arrangement that among themselves there will be no collateral and no interest.

I think as a lawyer you will realize there is not much analogy between the two cases.

Mr. JACOBS. Except this, sir, that I do know of persons in corporations, because of my work as attorney representing some of them, who have borrowed money from their corporations without interest payments, and without charge.

Senator MUNDT. Do you know of any corporations where the board of directors loan themselves the corporation's funds without collateral and without interest? If so, I would like to know that.

Mr. JACOBS. I said, sir, based on my relationship with them as attorney I do know of those. They are not big companies. They are small companies in structure.

Senator MUNDT. Well, they might be some family corporations.

Mr. JACOBS. Yes, sir. Well, there is one that is not family, but where they have been close for many, many years.

Senator MUNDT. To get it right out on the table in the open now, Mr. Jacobs, as counsel, as well as the director, because you sit in at the board of directors meetings, as a lawyer, frequently called upon, I suppose, for legal advice, and for which you get a legal fee, do you think it is good union practice to have the board of directors have the power and capacity and engaged in the practice of loaning union money to themselves without interest and without collateral?

Mr. JACOBS. May I suggest to you, Senator, that at that time, and in the climate of that time, I saw nothing improper with it. May I further say to you, Senator—

Senator MUNDT. I am asking that as of now, July.

Mr. JACOBS. Yes, sir. I am going to get to that now.

I am not trying to evade you, Senator.

In the light of today, and of the discussion that was held, where, I believe, you raised this with Mr. Klenert, there, in my opinion, is a different approach that ought to be made, not only with reference to loans without collateral or without the payment of interest, but of any loans, sir.

I so state. I so state it to you now, sir, without equivocation.

Senator MUNDT. You associate yourself with what Mr. Klenert told us, that he was going to sort of lead a crusade to stop that sort of practice?

Mr. JACOBS. Well, sir, I would hate to say that I have become a crusader.

Senator MUNDT. I would not say he was a voluntary crusader. He was a little reluctant to crusade, but he said he would.

Mr. JACOBS. I might say to you, sir, that I was present and did hear him.

Senator MUNDT. You would associate yourself with his remarks?

Mr. JACOBS. I not only associated myself with his remarks, sir, but I spoke on it, if I am correct, maybe officially or unofficially, and I took the point of view, and I take the point of view now, sir, that there ought to be no loans.

In saying that, it is over and beyond, sir, the code of ethics that was promulgated by the AFL-CIO, sir.

Senator MUNDT. Now I have an associated question. On reflection, do you not think it would be a little bit better from the standpoint of union practice generally, if a man in your capacity, instead of owning an automobile leasing company, whereby you rent the cars to yourself that you use, that you should sort of disentangle yourself from that sort of arrangement and if the union in going to provide the rental on a car, and I see no reason why they should not, they should go through a third party?

It seems to me the dues-paying members would sleep a little better at night if they did not have this kind of situation. I am not making an accusation for wrongdoing, but I want to point out that the opportunity for wrongdoing is abundantly present under those kind of circumstances.

Mr. JACOBS. I appreciate your sentiment, Senator, and I also appreciate your statement about no wrong-doing. I want to say in response to that that when this committee first, by conversations that I had with investigators, indicated—well, they took the point of view quite strongly, much more so than you, and said they felt it was wrongdoing.

I said to them then very frankly that there was none, and I intended to look at it again and see.

I say to you, sir, that I shall. If there is any question, and I say this plainly, that any of our members have any feeling or can be suspicious that by this arrangement I am doing anything wrong, I would very well and very quickly put an end to it, sir, even if it meant a financial loss in so doing and meant an abrogation of the contract.

In the work that I do, I come in very close contact with these people, the membership. I am talking about the actual membership now. I am not talking about sitting in an office. I spend better than half of my time making meetings, and meeting with workers and talking with them, and they are aware of the fact, many of them, that I do have this car, and they are aware, many of them, that I do rent cars to the union.

Up until this time, sir, nobody has criticized me. This committee has, through its investigators. Implicit in your question, sir, might be some indication of criticism.

Senator MUNDT. Criticism of the system. I am not criticizing you, necessarily. I am criticizing a system whereby a man high up in the union has a company which he owns exclusively, whereby he loans the automobile which he in turn makes a profit on by renting it through the union back to himself.

It seems it is not altogether wholesome that that situation should be encouraged. I am not saying that you have abused it, but I am saying that that is a wonderful opportunity for abuse, if you put Tom, Dick, and Harry into that kind of operation.

Mr. JACOBS. I can appreciate that, sir, and I would like to suggest that I had hoped that this would result in a profit. I am not certain whether it would ultimately or not.

We had some considerable difficulty in the selling of the other cars. When they came off of use for rental, we had some trouble in repairs and had some trouble in the sale of them.

I am not too certain what is going to happen to the car market. I want you to know—

Senator MUNDT. A corporation is not an eleemosynary institution. You intended to make a profit. That was the purpose.

Mr. JACOBS. Yes, sir. I do say, though, I will take a look at that specific thing you mentioned.

Senator MUNDT. That is all.

Senator CURTIS. When you are attending the meetings of the executive board, is it sometimes that you furnish language to put into resolutions?

Mr. JACOBS. Yes, sir.

Senator CURTIS. I assume that is true of other papers, occasionally, that they would draw?

Mr. JACOBS. Do you mean of the executive board?

Senator CURTIS. Yes. Or for some officers you would draw papers, would you?

Mr. JACOBS. At this moment, I can't think of an instance of that, sir.

Senator CURTIS. You know about this report that went to the AFL?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. We will not be able to finish with the witness this afternoon, so the witness will come back tomorrow.

Before I recess, the 4 checks and the vouchers attached thereto, which we exhibited to you a while ago, and upon which you are to furnish affidavits after searching your files, those 4 checks and vouchers will be made exhibits Nos. 52-A, B, C, and D.

(The documents referred to were marked "Exhibits Nos. 52-A through 52-D" for reference and will be found in the appendix on pp. 3582-2589.)

The CHAIRMAN. The committee stands in recess.

Senator MUNDT. Mr. Chairman, are we going to have the counsel draw up a list of the financial benefits which have been received by Mr. Jacobs because of his relations, and also any financial benefits that have developed?

Could we have it all in the record at one place?

Mr. KENNEDY. Senator Mundt, there are his sister-in-law, his son Julian, his son Leonard, his son Harris, a member of the law firm. It is three sons, his sister-in-law, and his brother-in-law handles the insurance.

He receives compensation as the attorney for the union, as southern director for the union, as a member of the law firm, as the sole owner of Auto Leasing, and he also receives as a recipient of the pension plan.

The CHAIRMAN. If there is nothing further, we will return tomorrow morning, at 10.

The committee is now in recess.

(Whereupon, at 5:30 p. m., the hearing in the above-entitled matter was recessed, to reconvene the following day at 10 a. m.)

(Present at the taking of the recess were Senators McClellan, Mundt, and Curtis.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, JULY 23, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES,
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Members of the select committee present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session: Senators McClellan and Curtis.)

The CHAIRMAN. Call your next witness, Mr. Kennedy.

Mr. KENNEDY. Mr. Jacobs.

TESTIMONY OF JOSEPH JACOBS—Resumed

Mr. KENNEDY. Mr. Jacobs, you are familiar with the report that was made to Mr. George Meany, are you not, in January of 1953?

Mr. JACOBS. The report, sir?

Mr. KENNEDY. Yes, the letter sent to Mr. George Meany. You are not familiar with anything in connection with George Meany in January?

Mr. JACOBS. Mr. Kennedy, I am familiar, and I would like to ask the chairman of the committee if he would please ask the photographers to confine themselves, according to the rule invoked yesterday.

The CHAIRMAN. I am sorry I did not remind them of it. These two photographers were not here, they say.

All right, gentlemen, do not use those pictures you have made. The witness had requested no pictures, and the Chair had so ordered.

Mr. JACOBS. You are talking, I believe, Mr. Kennedy, about the report that was made by a subcommittee. It was appointed—

Mr. KENNEDY. I am asking you if you are familiar with it. You listen to my questions and just answer them.

Mr. JACOBS. I think that I am familiar with it; yes, sir.

Mr. KENNEDY. You know that you are familiar with it, aren't you?

Mr. JACOBS. Certainly. I participated in the investigation of it.

Mr. KENNEDY. Listen to the question, and then answer it, and if you have any explanation afterward, that is fine, and we will move along, Mr. Jacobs. Just answer the questions.

Mr. JACOBS. I shall endeavor to do so, sir.

Mr. KENNEDY. You were a member of the subcommittee?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. You were selected from the executive board to be a member of the subcommittee?

Mr. JACOBS. Well now, sir, I am not a member of the executive board. I was selected at that time; I believe my name was proposed or someone suggested it.

Mr. KENNEDY. Who suggested your name?

Mr. JACOBS. Well now that would be hard to even recollect. My impression is that at the time that subcommittee was appointed, something was said I believe by Mr. Valente that inasmuch as this was an investigation which might involve some questions about him, he wanted suggestions for a committee.

Mr. KENNEDY. Who said that?

Mr. JACOBS. Mr. Valente, and I couldn't tell you who suggested my name. There were a number of names that were suggested at the time, and we were thereupon appointed, as I remember it.

The CHAIRMAN. The question primarily was, were you a member of the international executive board of the United Textile Workers of America, AFL.

Mr. JACOBS. No, sir.

The CHAIRMAN. You were not a member?

Mr. JACOBS. No, sir.

The CHAIRMAN. I see. All right. Proceed.

Mr. KENNEDY. How could you be appointed to a subcommittee of the executive board if you were not a member of it?

Mr. JACOBS. Well, I don't know that it was officially designated as a subcommittee of the Executive Board.

Mr. KENNEDY. Let me read you the first thing:

Pursuant to appointment as a subcommittee of the International Executive Board of the United Textile Workers of America, AFL.

Mr. JACOBS. Well, if it reads that way, I could very well have been appointed because I was counsel. They might have asked me to serve for that reason.

Mr. KENNEDY. Did Mr. Klenert and Mr. Valente request that you serve on that board?

Mr. JACOBS. Did they request it?

Mr. KENNEDY. Yes.

Mr. JACOBS. I can't recall that they did, sir.

Mr. KENNEDY. You think that they might have suggested that you serve on the board?

Mr. JACOBS. I don't want to speculate, Mr. Kennedy. My recollection is that there were names suggested.

Mr. KENNEDY. Now I am asking you whether Mr. Klenert or Mr. Valente suggested that you serve on this board.

Mr. JACOBS. No, sir, I can't say that they did. I can't remember that they did, sir.

Mr. KENNEDY. Do you remember that they did not? Can you testify that they did not?

Mr. JACOBS. Mr. Kennedy, this situation occurred——

Mr. KENNEDY. I understand when it occurred.

Mr. JACOBS. If I might continue, sir, about 5 years ago. I just can't give you any better recollection than what I have already stated to you.

Mr. KENNEDY. You think it is possible that Mr. Klenert and Mr. Valente who were under investigation, you think it is possible that they might have suggested you as serving on the board that was going to investigate them?

Mr. JACOBS. Mr. Kennedy, I am not going to speculate. I am trying to give you the best recollection that I have and that recollection, sir, was that there were some names suggested by the executive council members.

Mr. KENNEDY. And you do not know who suggested you or how you ended up on the board when you were not even a member of the executive council?

Mr. JACOBS. I can't say who suggested me. I know I ended up on it, because when the committee was appointed then, after the suggestions, I was on it.

The CHAIRMAN. Let me ask you, who appointed this subcommittee?

Mr. JACOBS. My recollection was that after these names were suggested, that Mr. Valente said something to the effect, "Well these men then will be the subcommittee."

The CHAIRMAN. Was it his place? You are their attorney. Was it his responsibility to appoint the subcommittee?

Mr. JACOBS. Yes, sir; I would think that it might be, sir.

The CHAIRMAN. He appointed a subcommittee to investigate himself?

Mr. JACOBS. Yes, sir.

The CHAIRMAN. I see. Although you were not a member of the council, you got that assignment.

Mr. JACOBS. Although I wasn't a member of the executive council; yes, sir.

The CHAIRMAN. You are not a member of the executive council, and notwithstanding that Mr. Valente in appointing a committee to investigate himself, appointed you as a member of the committee although you were not a member of the council.

Mr. JACOBS. Yes, sir, and after the names had been suggested.

The CHAIRMAN. All right, proceed.

Mr. KENNEDY. It goes on in this report that was submitted ultimately to Mr. George Meany, "We have conducted a painstaking investigation."

Is that true, that you conducted a painstaking investigation,

Mr. JACOBS. I believe that we conducted a painstaking investigation, sir.

Mr. KENNEDY (reading):

In our investigation, we examined letters, public records, statements and certified public accountant's reports, and all other material which we were able to secure with reference to this matter.

Is that statement true, also?

Mr. JACOBS. Well, sir, now if you are going to pick out parts of the report and ask about the particular statements or the particular thing

out of context, sir, I am not sure that I can give you the particular language and why the language was used. I think if you would permit me, I would like to tell you what we tried to do, and what we did at the time, sir, and how we did it.

The CHAIRMAN. The Chair hands you exhibit No. 47, which is a photostatic copy of the report and the letter of transmittal of the report, so you may follow the language of it as you are interrogated.

(A document was handed to the witness.)

The CHAIRMAN. All right, Mr. Counsel.

Mr. KENNEDY. Do you have it there in front of you?

Mr. JACOBS. Yes, sir.

Mr. KENNEDY. Did you want to make some statement about the report?

Mr. JACOBS. I thought it might be helpful, sir.

At the time that we made this investigation, the committee sought to look at what deeds or records we could find. We talked with Mr. Klenert, and we talked with Mr. Valente, and at that time, sir, the investigation was made in the light of a number of events which had previously occurred.

For example, it was common knowledge to the committee that Mr. Meany back in 1951 had not kept his word with the union. There was some discussion—

The CHAIRMAN. Mr. Meany had not kept his word with you?

Mr. JACOBS. Yes, sir. There was some discussion in the committee as to whether or not the charges that he had brought were not based upon personal feeling so far as the union was concerned and the officers were concerned. That related, sir, to the fact that he had promised the officers of the United Textile Workers of America that the Federation of Hosiery Workers, who were applying for a charter, which was exact with what had been given to the United Textile Workers and which had been promised to them—he had promised that they would not be permitted to enter into the American Federation of Labor.

After he had given his solemn word to them, sir, he then turned around and at the convention in San Francisco had given them the charter, and there had been a scrap on the floor of the convention.

At that time, those things were talked about.

Mr. KENNEDY. I suggested you were to look into what happened to the union's money, and this is all very interesting.

The CHAIRMAN. Let me ask you this: Is there anything in the report about Meany not keeping his word, and that is one of the reason why you made such a report?

Mr. JACOBS. No, sir. I am trying to say to you that at the time that we met, that we knew of this incident, all of us did, the entire executive board did.

The CHAIRMAN. In other words, at the time you met, you thought the charges were unfounded, and you thought it was just a personal matter or grievance on the part of Meany?

Mr. JACOBS. No, sir.

The CHAIRMAN. Well what was it?

Mr. JACOBS. We felt those charges were based on a bias that he had, of personal feeling against us.

The CHAIRMAN. That is exactly what I asked you.

Mr. JACOBS. No, sir. Because of that, when these officers had gone to him and had asked him for money and when he later held this meet-

ing with us, sir, and we attended it, and when he made these charges and members of the executive board tried to explain to him that what had happened was that the money had been set aside so as to prevent this new group if they were antagonistic from coming into the organization, he wouldn't even listen to them at the time.

The CHAIRMAN. Did they tell him that it had been set aside in personal homes they had bought?

Mr. JACOBS. He didn't give us a chance to, sir. We tried to.

The CHAIRMAN. You tried to tell him that?

Mr. JACOBS. We tried to tell him what it was, and we couldn't even get it. He came in, sir, and if I could describe it, he made the charges, and he brought a stenotypist in, and when he got through he walked off with him. Then he came back once again, and the stenotypist set up his machine and out he walked again.

The CHAIRMAN. Was that before this report was made?

Mr. JACOBS. It was before the report, sir.

The CHAIRMAN. All right, then, when you made the report, why did you not report in there that this money had been laid aside by placing it in the purchase price of personal homes. Why did you not say that in the report if you wanted him to know it?

Mr. JACOBS. We believed at that time, sir, that he already knew it. We believed that he knew it at that time. The reason that we believed that he knew it was because we were certain that he had been told about it.

The CHAIRMAN. Let me ask you, did you find that to be a fact in your investigation?

Mr. JACOBS. You mean to talk with him about it, sir?

The CHAIRMAN. Did you find that to be a fact in the course of your investigation as a committee, appointed as a subcommittee of the executive council? In the course of your investigation did you find it to be a fact that this \$57,000 had been used to purchase homes for Mr. Valente and Mr. Klenert? Did you find that to be a fact in the course of your investigation?

Mr. JACOBS. We found that the money had been laid aside in their homes; yes, sir.

The CHAIRMAN. Did you report that finding in this report?

Mr. JACOBS. I can't remember whether that specific thing is set out here or not.

The CHAIRMAN. See if you can find it in there or not. I wondered whether you actually made an accurate report, and, if you did investigate it, whether you reported the facts as you found them or made some other kind of a report.

Mr. JACOBS. May I say to you, sir, before I look at it, that when we made this investigation and we found that the facts that we knew had existed were verified, we then made this report, not in the light of spelling out specific things, but in the light that this report would become public property that could be used by the CIO against our union, and by other people against our union, and for that reason it was done.

The CHAIRMAN. For that reason, the real facts were concealed?

Mr. JACOBS. No, sir.

The CHAIRMAN. They were not put in the report.

Mr. JACOBS. I think that there are a number of facts, sir, that are put in the report that indicate that there was no concealment, sir.

The CHAIRMAN. There were a number left out?

Mr. JACOBS. I can't say that there were a number left out for any specific reason, except what I have told you, sir, and that is that it might not be used against the organization because at that time we were engaged in these organizing campaigns all over the country with the CIO, and they had put handbills out in which they had attacked us about these houses. We had answered those handbills, and we were talking about them in meetings where we had these organizing drives, sir, and we didn't want to furnish any more ammunition to them, so that they would use them against us.

The CHAIRMAN. I pretty well understand.

Proceed, Mr. Counsel.

Mr. KENNEDY. Now, going over this report, I would like to ask you a few questions about it.

Did you state in the report anywhere that the \$95,000 that was originally put up was the exact cost of the 2 houses for Mr. Valente and Mr. Klenert? Did you point that out in the report?

Mr. JACOBS. Did we point it out, sir?

Mr. KENNEDY. Yes.

Mr. JACOBS. I can't remember that we did.

Mr. KENNEDY. Did you point out in the report that that \$95,000 had been charged to the building fund of the union?

Mr. JACOBS. I can't remember that we did, and I would have to examine it to see if that specific thing was done.

Mr. KENNEDY. Did you point out the third thing, that \$57,000 of this \$95,000 had originally been used to pay for the houses of Mr. Valente and Mr. Klenert?

Mr. JACOBS. I can't recall that that was done. I know that we knew at that time that it had been laid aside in the houses, sir.

Mr. KENNEDY. You knew that in the building fund——

Mr. JACOBS. I beg your pardon?

Mr. KENNEDY. You knew that, originally, \$57,000 out of the \$95,000 that had been put up was laid aside in the houses?

Mr. JACOBS. We know that \$57,000 had been laid aside at that time, sir; we knew that.

Mr. KENNEDY. Did you mention that in the report?

The CHAIRMAN. What record did the union have so that an auditor auditing the financial affairs of the union could discover that record, and accurately report that the money had been "laid aside" in the personal houses of these two officers?

Mr. JACOBS. At that time, Mr. Chairman, as I remember it, we looked at I guess you call them ledger sheets, which showed where there had been entries made for the building, and it showed that the deposit had gone out, I believe, and there was an entry showing that the deposit had been returned. At that time we also looked to see about the entry of the \$57,000, and it showed that it had gone out and had been returned. Those were the figures that we saw in the ledger books, sir. It showed that it had gone out and it was back.

The CHAIRMAN. Let me ask you: Did you find anything in the ledger book or any other document or record belonging to the union that showed that the money had been laid aside in these two personal homes?

(At this point Senator Ervin entered the hearing room.)

Mr. JACOBS. I couldn't recall, sir, at this time.

The CHAIRMAN. Don't you know you didn't, and there was no such record, and never was?

Mr. JACOBS. No, sir. The reason I say that is this: It is difficult to remember what appeared on these sheets that we looked at, but my general impression was that it showed that the money had gone out and had been returned, as those entries are made in various places there.

Mr. KENNEDY. Wasn't that the charge of Mr. Meany; that the money had been taken out and only been returned once he started to become interested in this matter?

Mr. JACOBS. The charge that I understood from Mr. Meany was that he had gotten a false financial report, and that the false financial report was an effort, as I understood it, to conceal that these houses had been bought with union money. Actually, we found that this financial report, or it was our belief at that time, as I remember it, the things that had been put in there was the extension of this laying aside of the money, and whatever the figures were would show not that it was laid aside in houses but used for organizational expenses in carrying out the device that had been passed by the board for them to do it in that fashion in case they had this political fight.

Mr. Meany, when we tried to talk to him about this situation at that meeting, and to tell him that this was the device and this was what he saw, wouldn't listen to us.

The CHAIRMAN. Why did you not put that in the report so he would have to read it?

Mr. JACOBS. I can't tell you now, sir, why. But I know that at that time, when we talked about it, the committee was pretty well convinced that, regardless of what we told Mr. Meany, he still wouldn't believe a thing that we said.

The CHAIRMAN. Now, that is a test of your representation here. You were trying to get to Mr. Meany what the real facts were. You said he would not listen to you. You had the meeting. Then you go out and make this report, and still in the report you do not reflect the exact transaction or the transaction that you say you wanted to get over to him. Can you explain that?

Mr. JACOBS. Yes, sir; I think that I can. I indicated to you, sir, that when we made this report we made it in the light of facts that we had known and incidents that some of us had participated in. We had the feeling at that time that, regardless of what we tried to tell Mr. Meany, he would not pay any attention to us. We, therefore, tried to draft a report so that it would reflect what we found and not be used against the union in these fights that we had then going on with the CIO and in the conflict we were engaged in over the country in plant after plant after plant, where we had these charges thrown against us about these houses.

We tried to set out that these houses had been bought, and how they had been bought, and set out what the loans were against them, so that it could be seen that there wasn't the tremendous amounts of moneys that were running around the country, that had been put into houses or that houses had been bought in that fashion.

Mr. KENNEDY. Wasn't one of the things that you pointed out in connection with that, that there were second trusts on these houses, and, therefore, the houses weren't worth as much, the equity was not as

much as it might have been assumed by Mr. Meany? Did you not point that out in your report?

Mr. JACOBS. We may have pointed out that there were trusts on the houses. I believe, as I remember it, that we saw some deeds, and I think we made some calls to see what the records showed about them. I think we may have set it out in the report, sir, as part of it.

Mr. KENNEDY. You set it out for both of them, both Klenert and Valente, that the second trusts were worth \$25,000, and, therefore, these houses were not worth as much as Mr. Meany assumed that they were. Did you also point out in the report that these second trusts were paper transactions, and that they were not, in fact, genuine second trusts?

Mr. JACOBS. Now, Mr. Kennedy, I am trying to remember back at that time.

Mr. KENNEDY. Look at your report. Did you point that out?

Mr. JACOBS. Just one second. I have the impression, sir, that either one or both of those trusts were recorded and were good trusts.

Mr. KENNEDY. Not at the time that the houses were purchased, Mr. Jacobs. They were merely paper transactions.

Mr. JACOBS. Well now, Mr. Kennedy, I don't profess to be an expert in real estate transactions in the District of Columbia, but I know generally that trusts or second mortgages are often made up at the time of sales on properties, and are then used to negotiate the actual loan.

That is a common practice in the District, it is my understanding.

Mr. KENNEDY. You went to quite great pains to point out that these houses actually weren't worth as much as Mr. Meany thought that they were, and there were second trusts on them and therefore they were only worth \$10,000 or \$12,000 apiece. You did not point out that these were merely paper transactions.

Mr. JACOBS. Mr. Kennedy, my recollection is that we were not trying to point out that they were worth a lot or little. My recollection is that we set out that there were some deeds that showed there were mortgages on them, and there was indebtedness on them, and my recollection is that there were either first or second trusts on both or maybe just on one, and I can't remember.

Mr. KENNEDY. You say on page 4, "Our investigation further disclosed that the total equity in this property is \$9,500, and that the balance is financed by trusts and by the bank loan mentioned."

Mr. JACOBS. That wouldn't mean that the property wasn't worth the full amount, sir, and it would just mean that the person who had bought it had that amount of money actually that would be in it.

Mr. KENNEDY. But you didn't point out at all in there, Mr. Jacobs, that the money that had originally been used was union money, and that only when Mr. Meany uncovered this, and Mr. Klenert and Mr. Valente were anxious to pay the money back, that the second trust is used. You didn't point that out at all in your report.

Mr. JACOBS. I don't know that that is the fact, sir. And I want to say, sir, that Mr. Meany did not uncover the fact that there was money put in these houses. That was generally known.

Mr. KENNEDY. Why didn't you tell him that?

Mr. JACOBS. I said, sir, we tried to tell him that in the meeting in September, and he walked out.

Mr. KENNEDY. You were there for 70 pages of meeting, and you talked a great deal, Mr. Jacobs, and you didn't mention it. You talked for page after page.

Mr. JACOBS. Mr. Kennedy, I am not certain how many pages I talked, but if you will look at it you will find that about half or three-quarters of it was Mr. Meany talking.

Mr. KENNEDY. I think you could have slipped out that they bought two houses, and that would only have taken a sentence.

Mr. JACOBS. I would like to say that I think a lot of us tried to say that, or some did say it and the stenotypist didn't get it because 3 or 4 times he raised his hands up like this, and he said, "I can't get this," and then he would put down something of what he had gotten.

That is the kind of a meeting it was. Then he walked out with Mr. Meany. Then he came back in with him, and there were statements there, as for example, one of the subcommittee——

Mr. KENNEDY. Mr. Jacobs——

Mr. JACOBS. May I continue just 1 second? There was one of the members of the subcommittee, and I don't think it is on that record, sir, said, "Now I want it to be understood that I am not saying anything of that kind here and I don't want the board of the textile council to believe that I am being quoted or stated to that effect," or something like that.

In other words, he did not agree with the procedure that was going on at that time.

Mr. KENNEDY. Also going over this report, I find that you don't mention anyplace in there that there were false affidavits filed with the auditor by Mr. Klenert and Mr. Valente.

Mr. JACOBS. I can't say, sir, that it does, or that it doesn't. I don't remember.

Mr. KENNEDY. Well, it does not.

The CHAIRMAN. Do you remember whether you had that information at the time, or prior to the time that you made your report?

Mr. JACOBS. I would say, sir, that generally we knew these facts, and I would say, sir, that when we got at this investigation, what Mr. Klenert and Mr. Valente told us added very little except the actual seeing of the things.

The general knowledge of it we had known for months. We knew about this money being laid aside in the houses, sir, before this Meany thing came in. As a matter of fact, there was some discussion among the committee whether or not Mr. Meany actually didn't ask for these statements in order to entrap these people because of his venom against them.

Mr. KENNEDY. You concurred, did you, Mr. Jacobs, in the fact——

The CHAIRMAN. I didn't think "entrapment" was part of the procedures of labor unions. I thought it was only a part of the procedures of this committee.

Mr. JACOBS. Maybe I used an unfortunate word, sir. If so I regret it.

The CHAIRMAN. That is all right. Proceed.

Mr. KENNEDY. I would like to read you a paragraph on page 3 of the report, Mr. Jacobs.

The committee finds that in keeping with such recommendations, the sums of \$30,000 and \$27,000 were immediately set aside in liquid fashion for such purpose.

Now, these funds of \$30,000 and \$27,000 were set aside in liquid fashion?

Mr. JACOBS. Well, when you set aside money, it is in pretty liquid fashion.

Mr. KENNEDY. Even when you use it to buy two homes, is that right?

Mr. JACOBS. Well now, if you want to say that it isn't liquid, or it is solid, it is a question of words. I don't know that we used the word "liquid" for any other reason than it occurred to the committee as we wrote it.

Mr. KENNEDY. You don't think that Mr. Meany or anybody reading this report would assume that you had set up a fund of \$57,000 rather than to buy two homes?

Mr. JACOBS. A fund?

Mr. KENNEDY. Yes, an organizational fund for instance.

Mr. JACOBS. I think if we wanted him to think that, or anybody else to think that, we might have used the word "fund" and I don't know that we had that in mind.

Mr. KENNEDY. You not only used the word "fund," but you also say that this is set aside in liquid fashion, which would indicate that the money was available whenever the union wanted the money.

Mr. JACOBS. I don't follow you on that.

Mr. KENNEDY. Why was it determined that the best place to put this money, to set it aside, was in the houses of Mr. Klenert and Mr. Valente?

Mr. JACOBS. I can't tell you why it was done. I know that it was done.

Now, why, I can't say.

Mr. KENNEDY. And the union felt that was the best place, that was the safest place to put the money.

Mr. JACOBS. I think that the officers who set it aside there at the time felt that that was a good device, or a way of doing it. It is a question then of judgment.

Mr. KENNEDY. You concurred in it?

The CHAIRMAN. Mr. Valente and Mr. Klenert with the officers who set it aside, who felt that way about it.

Mr. JACOBS. I presume they did, sir, they were the ones who took the action of carrying out the board's direction of setting it aside in case we had this political fight.

Mr. KENNEDY. You concurred in that?

Mr. JACOBS. I don't know whether I was asked to concur at all. I know that I found out about it within a short period of time. I wasn't asked to concur or not to concur.

Mr. KENNEDY. You did not protest.

Mr. JACOBS. Well, I think that I may have said at the time, if my memory serves me right, and this is something that is away back, and I may have asked, "Why did you do it that way?" and they may have said, "Well, we figured this way it was hidden away so that it wouldn't show or it wouldn't be disclosed, so that the new people that were coming in might not say, 'well, what is this going on here? You are welcoming us in and at the same time you are trying to make sure that we are not in.'"

There may have been some discussion like that, and it is difficult to remember. This is 5 years or better now, sir.

Mr. KENNEDY. You just felt that pointing this out and letting Mr. Meany know in this report would be the wrong thing to do, that this money had been used in these homes?

Mr. JACOBS. No, sir.

Mr. KENNEDY. Do you describe it rather that the money had been set aside in liquid fashion rather than it had been set aside to buy houses for Mr. Klenert and Mr. Valente?

Mr. JACOBS. Mr. Kennedy, you might have used other words, and other people might have used other words.

Mr. KENNEDY. I think other people might have told the truth, Mr. Jacobs.

Mr. JACOBS. Mr. Kennedy, I am trying to tell you the truth as I know it, sir.

I think we tried to tell the story in this report as we at that time, sir, felt was the story as we understood it and the kind of story that was based on what we found and predicated on the background that it had come up in, and predicated on the facts as they had developed as we had gone along, sir. And when we probed into it at that time we were convinced, and we knew then that Mr. Meany knew about the homes. We were convinced that he knew about them even before this statement had been made to him. He might have been alarmed that this was a false statement to him, but as far as we could see this statement was the implementation of the setting aside of this money, of putting it into organization setups so that it would be concealed.

That is what we saw at that time.

We were then concerned whether or not the money that had been taken out of the organization, whether it was in the organization, and whether there was a penny missing. We found that it was back there, sir.

Senator CURRIS. Mr. Chairman, I would like to ask this: How did it happen that this "set-aside" and concealment of funds in the first instance was for the exact amount that would have been required to purchase these 2 houses, to wit, \$95,000, if they had not chosen to put mortgages on them, and that the later amount, to wit, \$57,000, was the actual amount or in round figures it was required to buy these houses if they placed the mortgage or deed of trust on them?

All of this talk that this was done for some noble purpose of protecting the union's funds, it is a queer coincidence that that "set-aside" was in the exact amount needed to secure these homes for these two officers.

Now explain that.

Mr. JACOBS. With respect, sir, to the original amount that you mentioned, or the first amount of \$95,000, if my recollection serves me right there was a meeting of the board in which they discussed the buying of a building.

Senator CURRIS. I am familiar with that, but I want you to answer this question: How did it happen that the amount was the same as the total purchase price of the houses?

Mr. JACOBS. What I am trying to say to you about the \$95,000 is that at that time, as I recollect it, there wasn't \$95,000 to be paid. I think the total of the 2 houses was \$95,000, but as I remember there had been deposits of \$2,000 on that which meant \$93,000. It wasn't \$95,000 that was necessary at all. It was \$93,000 that was necessary.

Senator CURTIS. Well the settlement charges and all came to \$95,000, or thereabouts in round figures.

Mr. JACOBS. I am not certain, sir, that I am aware of that.

Senator CURTIS. Now, your whole explanation as to why this was done falls on its face because they took out enough money to buy these two houses, and so apparently there was a decision to take out and hide from some dissident group \$95,000. Later on that decision apparently was reduced to \$57,000, another coincidence that it was the amount needed to buy the houses if the deeds of trust were put on them.

Now, do you have any explanation as to why those amounts coincided with the needs to buy these two houses?

Mr. JACOBS. If I may, sir, I will try to give you the best explanation that I know, based on my knowledge.

As I indicated to you, sir, these 2 houses at the time that the money or the \$95,000 was set aside, only required \$93,000 in total, and at that same time, sir, there were mortgages on them. As I understand it or remember, I believe these downpayments or cash payments were made 1 or 2 months before the money was taken out for the deposit for a building. The mortgages were never removed from them. They were never taken off. If the mortgages had been removed or if the mortgages had been taken off, then the most that still could have been necessary was the \$93,000.

But they were never taken off, and if I remember rightly, these were mortgages to some financial institutions or insurance companies, or something like that. That never was taken off at all.

Now, with respect to the amount that was set aside, why it was \$57,000, I am trying to remember how it was set. I do not remember any official discussion on that except this, sir, and I will give it to you for what it is worth, and maybe the individuals who set it aside can give you a better explanation of it: That is, sir, that we talked about setting aside some money for this device of using it later politically. There was some talk of, and I remember it vaguely, about \$100,000. Then I remember somebody saying—well, when you see these things fuse, when they are so long ago, either at a board meeting or subsequent to it and it is hard to place the place, that we ought to set aside so much based on the number of members that we had, or the approximate number. That was the talk on it.

Senator CURTIS. But the fact is you set aside the amount of money needed to buy these homes. In other words, your figure was based upon what these two officers would get out of it in these homes and had nothing to do with setting aside a given sum for the protection of the union or any officers thereof, or any segment thereof.

Mr. JACOBS. I can say to you honestly, sir, that so far as I know, the setting aside at that time had no connection with the fact that that same figure was applicable to that same figure. In other words, what I am saying to you, sir, is that when that motion was made of setting aside this money, I didn't know what the amount was going to be or how the amount would be set aside. It was sometime later, not very long after that, that I discovered or found or learned that this amount had been set aside. I made no specific inquiry at that moment why that amount was set aside, because then we were engaged in these campaigns.

Senator CURTIS. That was set aside because that was needed for the houses, is that not true?

Mr. JACOBS. Well, it was the amount that was set aside for them. I presume that it was. But I didn't know, nor was there any discussion in the board meeting that this would be set aside for houses.

Senator CURTIS. And it had already been set aside before this meeting of May 15, 1952, where they passed the resolution: had it not?

Mr. JACOBS. You are asking whether I knew about it at that time?

Senator CURTIS. No. I am asking whether it had been set aside prior to that time.

Mr. JACOBS. I can't say, because I am not familiar with the dates on that, on these things, because it is so far back.

Senator CURTIS. The records establish that fact.

Now, I am reading from the minutes of the executive council, United Textile Workers of America, Hotel Hamilton, Washington, D. C., May 15, 1952, and it says:

It was further discussed that in order to carry out the plans and policies established at the meeting of the international executive council held in Miami Beach, Fla., on April 25, 1952, and in order to preserve the political stability and financial structure of the United Textile Workers, it would be highly desirable that certain funds be segregated to be used for any eventuality which might arise out of the acquisition of such large and heretofore antagonistic groups.

The executive council thereupon, upon motion regularly made by Vice President Rebino, and seconded by Vice President Salem, by unanimous vote authorized that a suitable and substantial sum as in the discretion of the president and the secretary-treasurer might be necessary for such eventuality, be set aside for that purpose, and that such funds be earmarked "organizational funds," and that it not appear on any official report with any other designation.

Now, were you present in that meeting?

Mr. JACOBS. What meeting was that, sir? The date of it.

Senator CURTIS. May 15, 1952.

Mr. JACOBS. Could you tell me where that one was?

Senator CURTIS. Hotel Hamilton, Washington, D. C.

Mr. JACOBS. Yes, I think that I was there.

Senator CURTIS. Did you advise them on this action that was taken there?

Mr. JACOBS. Not that I can recall, sir; no, sir.

Senator CURTIS. You did not advise them at all?

Mr. JACOBS. No.

Senator CURTIS. Now, as a lawyer, I want to ask you, when certain sums be segregated, does that mean to part with possession and title of them?

Mr. JACOBS. I don't know.

Senator CURTIS. They were instructed to segregate funds.

Mr. JACOBS. That means set aside.

Senator CURTIS. Does it mean to give it to somebody else? Does it mean to surrender title and does it mean to surrender ownership?

Mr. JACOBS. Well, that might follow it. I just don't know.

Senator CURTIS. You know it wouldn't follow it.

Mr. JACOBS. Wait a second, sir. I am trying to see if I can follow the question that you asked, and that is whether or not if you say, "Segregate something," it means to turn loose of it or to lose possession of it. It might well be. It might well be.

Senator CURTIS. I don't think so. I don't think so. And in the language of common conversation or business usage or at law, to segregate your funds does not mean to surrender possession and title of it.

Mr. JACOBS. Well, of course, again, sir, it is a question of choice of words.

Senator CURTIS. I don't think it is. I don't think segregation of funds in any sense carries a meaning that you are to give those funds to somebody else.

Mr. JACOBS. What I was saying, sir, is not a choice of words by you, sir, but I was saying it was a question of choice of words as they appear in the minutes. Somebody may have used the word "segregate," and it was then used in the making of the motion.

Senator CURTIS. Well, the whole thing is pretty flimsy, and I hope that the group responsible is not fooling themselves, because they are not fooling anybody else. There is no pretense here of having preserved these funds for the union. There are ways that it could have been done. Deeds of trust could be taken back to the union and carefully deposited and not put on public record. Outright conveyances of the properties could have been executed and delivered and been legally binding and returned to the union, and the union chose even not to put them on record.

But no such steps were taken at all. This motion was made 10 days after the funds had already gone out of the union.

Now, I have read your report, this committee of which you were chairman, to Mr. Meany——

Mr. JACOBS. I don't believe I was chairman, sir, of that.

Senator CURTIS. You were a member of it?

Mr. JACOBS. Yes, I was a member of it.

Senator CURTIS. Now, in this "painstaking investigation" that you made, did you find that there were vouchers and checks made labeled "for organizational funds," and in the truth and in fact they were not used for that.

Mr. JACOBS. My recollection was that at that time——

Senator CURTIS. I mean, did you find that?

Mr. JACOBS. Yes. I am going to try to tell you what we did find, sir.

My recollection is that at that time that we found there were vouchers and checks that were labeled "organizing funds" in the amount of \$57,000 that they said was the amount that was used to set aside and that was the same amount which had been later returned in the union treasury, the same amount of \$57,000. If you will remember, sir, I said that we saw as I remember it, the ledger books which showed the entries at that time.

Senator CURTIS. Now, as a lawyer, how would you define a "false entry"?

Mr. JACOBS. That would be an entry that would not be true.

Senator CURTIS. An entry that purports to show facts other than what they really were. In this painstaking investigation in your report, you say, "In our investigation we have examined letters, public records, statements, and certified public accountant reports and all other material which we were able to secure in this matter." But you did not report that you found false entries, did you?

Mr. JACOBS. No, sir, and the reason we didn't was this, sir: We remembered and we were aware that when this money was supposed to have been set aside, that this motion had been made, in the report that we made we said that all of the funds of the United Textile Workers had been accounted for to us or else that they had been turned back or put back in the treasury or was in the treasury of the union and that was a fact at that time.

The money was in the union treasury at that time. The money that they had set aside in calling it organizing funds, was set aside under the authority that they had.

Senator CURTIS. Under an authority created after they took the funds out.

Mr. JACOBS. Well, sir, on that I am not aware of the dates.

Senator CURTIS. You conducted a painstaking investigation did you not?

Mr. JACOBS. My recollection, sir, is that we looked at the amounts, and we may have looked at the dates, and I don't remember if we looked to see if the date was the 1st instead of the 10th or the 3d instead of the 5th.

Our object, or the things we were looking at were the sums. If the sums were missing, like they were charged and if the sums were in the houses and if the sums were gone or had been dissipated or thrown away, we found that these sums which had been part of the device of setting it aside had been returned because of all of the hullabaloo that started even before Mr. Meany got into the picture.

Senator CURTIS. You did not report that in your report. You did not say that there were funds missing and returned because of all of the hullabaloo.

Mr. JACOBS. No, sir.

Senator CURTIS. And you did not report there were false entries and you did not report that this motion made in executive committee was made after the funds were taken.

Mr. JACOBS. False entries, sir, might be false if a person was not aware of what the specific thing was, but if those entries are to be designated as organizing funds and the men are authorized or told to mark it that way, then they are carrying out their instructions on it.

When we made this report, we were not seeking to make it, sir, I thought I had indicated to be used by the CIO in the fight that we had with them or by anybody else who were enemies of the organization, to beat us over the head with.

Senator CURTIS. Who did these funds belong to?

Mr. JACOBS. To the union, sir, and its members and the officers, and everybody that belonged to the union.

Senator CURTIS. It belongs to the members, does it not?

Mr. JACOBS. Yes, and of course, many of the members are officers. I am thinking of officers of local unions, as well as national officers.

Senator CURTIS. It does not belong to the officers of the locals. It belongs to union members.

Mr. JACOBS. By virtue of their membership, it would belong to all of them; yes, sir.

Senator CURTIS. What does this mean in these minutes:

and that it not appear on any official report with any other designation.

Mr. JACOBS. If you remember, sir, the purpose of it was to put it aside.

Senator CURTIS. And it had been put aside.

Mr. JACOBS. In the event there was this political problem, if it appeared in another fashion it could be designated for political purposes and it was not being secreted then, and it was not being put away, and so if the political necessity arose it would not be used. It would be obvious that that is what it was.

Senator CURTIS. Who has access to the minutes of the executive council?

Mr. JACOBS. Who has access to them?

Senator CURTIS. Yes.

Mr. JACOBS. I would say, and this is based on general knowledge, sir, that I believe the secretary-treasurer is the man who keeps the minutes and the minutes are kept in the office of the union and I would say that anybody there has access to them.

Senator CURTIS. How about some of these members that have been kicked around, and had their money taken from them in such resolutions passed and entries made in the books contrary to what the facts are. Could they see these minutes?

Mr. JACOBS. Yes, Senator; may I show you—

Senator CURTIS. Well, now, answer my question.

Mr. JACOBS. Yes, sir; and I want to explain how.

Senator CURTIS. Could somebody who works in a textile mill, and pays his dues continuously, could he walk in there and see these minutes?

Mr. JACOBS. They could walk in and see these minutes, these books, but at the conventions of the international union there are reports made of the finances and of the records of the organization and at sometime in the convention there is a statement made that the vouchers and the records are available to any member who wants to come up and ask any question or make any inspection of them.

Senator CURTIS. Well, then, how could it be secret? This whole thing, when one wrong unilateral act is done, it is covered up with more, and you pass a resolution authorizing something that has already taken place, and it says it is to be kept secret. By your own testimony, nobody could see this.

Mr. JACOBS. Yes, sir; that is correct. The likelihood would be a rarity that someone would ask for it.

Senator CURTIS. You took that chance?

Mr. JACOBS. Yes, sir; we did take that chance.

Senator CURTIS. That is all.

The CHAIRMAN. I might observe, Senator, that even if a member or even if an expert accountant saw that record he would never know that \$57,000 bought personal homes. The record would not reflect anything to the members.

Senator CURTIS. No, but the point is, it is a cover-up resolution passed after the act.

The CHAIRMAN. A member coming in and looking at the record they made of it would never know that it had happened.

Senator CURTIS. My observation here is that the members have not had much to do with this union and its financial affairs.

The CHAIRMAN. Are there any further questions?

Senator ERVIN. Anybody who found out about it would have to be an expert in camouflage.

Mr. JACOBS. I don't want to comment on it other than to say apparently it was not very much of a camouflage.

Mr. KENNEDY. Just on the question we were talking about, the truthfulness of the report, on that subject is there anywhere in this report that you point out that any of the union fund had been used to buy personal homes for Mr. Klenert and Mr. Valente?

Mr. JACOBS. I don't recollect that we used that language, sir. I think that we may have discussed the houses, and the money that was in the houses, and things of that kind.

I tried to indicate Mr. Kennedy——

Mr. KENNEDY. Is there anything in the report that indicates that union funds had been used to buy the homes of Mr. Klenert and Mr. Valente?

Mr. JACOBS. I don't know whether it is, sir, or not.

Mr. KENNEDY. Would you look at the report and answer the questions?

Mr. JACOBS. May I just complete my answer, and then I will look at it?

I tried to indicate, sir, that when we made that report we had certain objectives in mind, and whether that language appears or not, I am not aware.

Mr. KENNEDY. Could you look and then answer the question, please?

Mr. JACOBS. I don't think, sir, that we used the word "houses," but it is rather clear if you will look, or at least to me it is, on page 3, and I think the second sentence:

The committee further finds that thereafter when the question arose, that such funds had been apparently——

Mr. KENNEDY. Where is this?

Mr. JACOBS. This is on page 3, the second paragraph, sir, and the second sentence.

The committee further finds that thereafter, when the question arose that such funds had apparently been withdrawn from the organization for the private and personal use of the president and secretary-treasurer after consultation with members of the executive board, the stated amount of money was returned to the treasury.

There we are talking about this money that the talk was going around about, had been put into the houses. We mentioned the amount, sir, and we say that it was taken out and used for their private and personal use.

Mr. KENNEDY. Now, no, you do not. You say it was immediately set aside in liquid fashion. Just answer my question, Is there any place in this report where it states that union funds had been used to buy the personal homes of Mr. Klenert and Mr. Valente?

That is all I asked you.

Mr. JACOBS. I don't think it says that in those words, but right there we say——

Mr. KENNEDY. Well, that is not the same thing.

Mr. JACOBS. We say the charge was being used for their private and personal use.

Senator CURTIS. Now, is it your position, that this sentence here does convey the meaning that it was used for their private and personal use?

Mr. JACOBS. I am sorry. I don't follow you, sir.

Senator CURTIS. Would you read my sentence back?

(The pending question was read by the reporter.)

Mr. JACOBS. Well, of course, I can't say what it would convey to someone else.

Senator CURTIS. I am talking about you.

Mr. JACOBS. To me it conveys the meaning that when the charges were made or the rumors arose that the money was used for private and personal use.

Senator CURTIS. Does it convey the meaning to you that you did report that these funds were used for the private and personal use of the president and the secretary?

Mr. JACOBS. No, sir. It does not convey that meaning to me. It conveys the meaning to me that when the question arose, that it was used for their private and personal use, that they then returned it.

Senator CURTIS. Then, in response to the council's queries, you did not report the fact to Mr. Meany that it had been used for their private and personal use.

Mr. JACOBS. As far as reporting to him——

Senator CURTIS. Now, answer the question. You just got through telling the counsel that you did report the fact that it was used for their private and personal use, and you cited this sentence.

Mr. JACOBS. No, sir. May I differ with you, Senator, but I think that Mr. Kennedy asked me where in this report we pointed out that the money was put in the houses. He asked me then to read and see if there was a statement to that effect. So when I got to this sentence, sir, in the reading of it, then I pointed out that this sentence was the statement that was made at that time in drafting this report, in which we said that when the question arose that the money had been used by these men for their own personal or private use, which was the house thing, that they immediately returned it.

This was part of the secretion, and we then went on to explain that this——

Senator CURTIS. When it is used for personal and private use, is that a segregation of funds?

Mr. JACOBS. No; it is not a segregation of funds, Senator, but the thing about it is that we were not talking there of whether or not they were using it or saying that they were using it for their private use.

We were saying that the question arose or the charges were made that they were using it for their personal and private use, and they had not done it for that purpose.

They had done it to set it aside. When that question arose, they immediately put it back.

The CHAIRMAN. Let me ask a question there. The charges were made that they had used this money in the houses for their personal use. Is that what you say?

Mr. JACOBS. Yes; that is what we said. We said the question arose.

The CHAIRMAN. Those are charges. You were a committee to investigate. Did you make a finding and so report that the money was used for the purchase of houses and, therefore, for their personal use, or did you completely skip over it and just say a question arose and the money was put back?

Mr. JACOBS. No, sir; we did not skip over it.

The CHAIRMAN. You did not make a finding, and a report on that finding as to whether you found the charges true or not.

You simply said, "When the question arose, the money was put back."

Mr. JACOBS. We said when the question arose that the use of the money was based on authorities that they had gotten from the organi-

zation, that the money had been set aside for the purposes for which it was intended to be set aside, and we said that when the question arose that this was a wrongful way of setting it aside or using the money, they immediately returned the money to the organization, so that implication—or there might not be that construction of it.

The CHAIRMAN. It is not a question of the implication. The question is, the charge had been made that the money had been used for their personal benefit.

Mr. JACOBS. That is right, sir.

The CHAIRMAN. But you made no finding on that charge.

Mr. JACOBS. Yes, sir.

The CHAIRMAN. You simply said the money was put back when the question arose.

Mr. JACOBS. I think that our whole report speaks what our finding is.

The CHAIRMAN. I know, but you take the whole report and it does not say anything about the money having been invested in the houses and it was not returned until the question arose.

Mr. JACOBS. Well, sir, of course it is a question of construction of that sentence, where we say that when the question arose that they had used those funds—

The CHAIRMAN. That was the charge against them.

Mr. JACOBS. Yes; and then this statement, too, that Mr. Meany talked about, which was carrying out the putting of this money aside as part of it. That is part of the charge. It is all in one.

The CHAIRMAN. Are there any further questions?

Senator ERVIN. As a matter of fact, the charge amounted to an assertion that the top-ranking officers of your union had been guilty of a breach of trust; did it not?

Mr. JACOBS. Yes; I guess it might be held that.

Senator ERVIN. Well, did you or any other member of the union take any steps to find out whether they were actually guilty of a breach of trust?

Mr. JACOBS. Yes, sir; I think that we did in this committee that was set up.

Senator ERVIN. What did you do about it? Did you find out whether there was a breach of trust?

Mr. JACOBS. We did not find out that there was a breach of trust, no, sir. We found that they had done things that they had been authorized to do, and many of the facts we knew about before and they confirmed them at that time.

Senator ERVIN. You mean to tell me that they had been authorized by that resolution to take and buy houses?

Mr. JACOBS. No, sir, I am not saying that, sir. That resolution authorized them to set funds aside for this political exigency if it arose, and they used that method of setting it aside.

Senator ERVIN. Well now, do you tell me, as a lawyer, that that resolution authorized the high ranking officers of the union to set aside the funds of the union in their dwelling houses?

Mr. JACOBS. I think that resolution, if I can remember it, said that it was in their discretion as to how they did it. I don't think it specified how to do it, and when it was in their discretion they used that as a device, sir.

Senator ERVIN. And the resolution said it would be kept secret, and would be carried on the records of the union as "organizational funds"?

Mr. JACOBS. Yes, sir; that is correct.

Senator ERVIN. Do you tell me as a lawyer, that it is your legal opinion that that amounted to an authorization for these officers of the union to take the funds of the union and invest them in their personal homes for themselves?

Mr. JACOBS. No, sir. I am not saying that. I am saying, sir, that that authorization was for them to set funds aside for the purpose that was stated and to designate it as "organizational funds." That authorization said that they could use their discretion, sir, and in using their discretion they are the ones who used that device. That device was within their discretion.

Now, whether it was a wise device, and whether it was the same device, sir, that I might use or someone else might use, sir, that is another question. But in following that instruction, it was within their discretion.

Senator ERVIN. You tell me it is a discretionary matter for an officer of a union when he is told to set aside and segregate certain funds as "organizational funds," for him to take them and use them for his own personal benefit in the purchase of houses in which to live?

Do you tell me that as a lawyer?

Mr. JACOBS. Mr. Senator, I am not saying that. What I am saying—

Senator ERVIN. That is exactly what you said, that it was a matter of discretion with them how they set it aside.

Mr. JACOBS. I don't want to argue with you, sir, but that resolution says that it will be set aside not for organization, but says it will be set aside for another purpose, but will be earmarked, "organizational funds," and how they set it aside is left to their discretion.

They set it aside in that fashion.

Senator ERVIN. They did not have any discretion about this. They were required to keep it secret and they were required to hide it under the name of "organizational funds." There was no discretion about that; was there?

Mr. JACOBS. There was no discretion on that, and that was part of the resolution.

Senator ERVIN. Do you tell me as a lawyer that you do not consider that that would constitute a breach of trust to the members of your union?

Mr. JACOBS. If they were following out the authority that they had, sir, and that is what they deemed they were doing, they could not have been making a breach of trust.

Senator ERVIN. You have an "if" there, and it seems to me that the "if" is about as big as Stone Mountain.

Mr. JACOBS. That is pretty big, sir. That is where I live.

Senator ERVIN. I am not asking you that. Leave out the "if" and give me your opinion as a lawyer. If somebody would come before you and lay before you this state of facts, that has been disclosed here and ask your opinion whether that constituted a breach of trust, what would you have told them.

Mr. JACOBS. That it would not be a breach of trust when they were carrying out their authority as they did here.

Senator ERVIN. So you think that they had a perfect legal right and were not guilty of any breach of trust when they took the union funds and invested them in private homes for themselves.

Mr. JACOBS. I am not saying, sir, that they invested them in private homes. I am saying what they did. They used that as a device in their homes to set that money aside. They did not buy their homes with that as such, and they used it to set it aside and they used it under the authority, that it be "organizational funds," under that resolution.

Senator ERVIN. So you are telling me as a lawyer that you consider this was perfectly all right and it was duly authorized by the union and did not constitute any breach of trust whatever to the members of the union.

Mr. JACOBS. I think that I have said that, sir.

The CHAIRMAN. Are there any other questions?

All right, if not the witness may stand aside.

Call Mr. Charles Emerson.

Do you solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EMERSON. I do.

TESTIMONY OF CHARLES EMERSON, ACCOMPANIED BY HIS COUNSEL, JOSEPH JACOBS

The CHAIRMAN. State your name, place of residence, and your business or occupation.

Mr. EMERSON. Charles Emerson. I live in Winnsboro, S. C., and I am a maintenance electrician for the United States Rubber Co.

Mr. JACOBS. Mr. Emerson has asked me if I would sit with him as his counsel, sir.

The CHAIRMAN. Mr. Emerson, you say that you are employed as an electrical maintenance worker?

Mr. EMERSON. That is right.

The CHAIRMAN. Are you a member of the textile workers union?

Mr. EMERSON. I am.

The CHAIRMAN. Do you desire the presence of counsel while you testify to advise you regarding your legal rights?

Mr. EMERSON. I do.

The CHAIRMAN. Have you made a selection of counsel for that purpose?

Mr. EMERSON. Some couple of weeks ago I asked Mr. Jacobs about sitting with me because I had never been here before, and I did not know anything about it, and he said that he would help me if he could.

The CHAIRMAN. Mr. Jacobs, do you desire, under the circumstances, to appear as counsel for this witness?

Mr. JACOBS. Sir, he has asked me to serve as his counsel, and I want to help him if I can. If the committee raises any question that there might be any conflict of interest, I should withdraw.

The CHAIRMAN. I do not know what the witness is going to testify to, and I do not know whether there is a conflict of interest or not.

The Chair likes to grant a witness certainly the very broadest discretion in selecting his counsel. I do not want to take that responsibility for him. But this presents a little peculiar situation, do you not think?

Mr. JACOBS. I think it does, sir, and if you indicate that you have any feeling, sir, that there is any impropriety about it, I shall withdraw. I have no desire in this investigation to do anything that is improper, sir.

I would like to ask that we invoke the rule again on this photography thing, if it please the committee.

The CHAIRMAN. How about the witness? Would you like to have your picture taken?

Mr. EMERSON. I think that they have had enough. I am a maintenance electrician, and I know flashes kill people.

The CHAIRMAN. We do not want any physical tragedies to result from these hearings.

Gentlemen, you will suspend your photography for a while.

The Chair, unless there is objection, is going to let the witness proceed. By doing so, I have no intention of setting any such precedent, but in order to expedite this, I think the members of the committee can observe what will happen, and what may happen, and if there appears to be any tactics that might interfere with the committee's proceedings, we can suspend and let the witness get another counsel.

But in order to move along, I am going to waive any possible impropriety of the situation and proceed.

Mr. JACOBS. May I state to the chairman that in the event he does feel that at any stage of this proceeding, that there is any question of conflict or any impropriety, if he will advise me I should be glad then to withdraw and make a determination.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You say that you are a maintenance electrician?

Mr. EMERSON. That is right.

Mr. KENNEDY. Where do you work?

Mr. EMERSON. Winnsboro Mills division of the United States Rubber Co., in Winnsboro, S. C.

Mr. KENNEDY. Do you have anything to do with the United Textile Workers of America?

Mr. EMERSON. I am a member of the union and I am secretary-treasurer of my local union, and I am a trustee of the international union.

Mr. KENNEDY. What do those duties as trustee entail?

Mr. EMERSON. Well, there is a variety of duties. We come into Washington and I believe the constitution says at least once a year and we usually come in every 3 to 4 months.

We go over the checks and vouchers of the secretary-treasurer and we then make up a report of our findings, of the money that has come in, and submit it to the executive council.

Mr. KENNEDY. What experience had you had as an auditor prior to doing this?

Mr. EMERSON. Not any.

Mr. KENNEDY. How many trustees are there?

Mr. EMERSON. There are three.

Mr. KENNEDY. And you come in how often?

Mr. EMERSON. Well, we come in every 3 to 4 months. It is usually 3 or 4 times a year. Sometimes there may be a difference in that, but it is usually 3 or 4 times a year.

Mr. KENNEDY. Now, you write up a report, do you, afterward?

Mr. EMERSON. We do.

Mr. KENNEDY. And who writes that report up for you?

Mr. EMERSON. From our worksheets, we usually have a pretty standard thing on this and from our worksheets we write up the report and get someone in the office to type it. On certain occasions, if there is a matter of language, we have asked Mr. Jacobs to help us if he was around and maybe asked Mr. Klenert to give us the correct language for this.

Mr. KENNEDY. You consult with Mr. Klenert or Mr. Jacobs in the writing of your report?

Mr. EMERSON. Not every time, now, but I believe the only times that we do that is when maybe we submit recommendations or something like that.

If we don't submit a recommendation, it is the usual form and we do it ourselves. We have a standard form inserted from the beginning.

Mr. KENNEDY. How long have you been a trustee?

Mr. EMERSON. I believe I related to Mr. Mills it was 1951, but I believe it was 1949.

Mr. KENNEDY. About 1949?

Mr. EMERSON. I think the records will show it was 1949. I didn't remember at the time.

Mr. KENNEDY. How were you appointed as a trustee?

Mr. EMERSON. I was elected at the executive council meeting and that is why I remember it was 1949, in Atlanta, Ga., and that was the only one that they have ever held down there.

Mr. KENNEDY. Did you make the decision as to who would be the auditor for the union?

Mr. EMERSON. No.

Mr. KENNEDY. Had he already been hired?

Mr. EMERSON. No; not at that time. There was an auditor or at least I didn't have anything to do with it at that time. There was an auditor already hired, of course. I went along with the man that they had previously hired.

Mr. KENNEDY. Who was that? Were you there when Mr. Jansson came?

Mr. EMERSON. I believe Mr. Jansson was there then. I believe he was there then.

Mr. KENNEDY. Had Mr. Klenert hired Mr. Jansson?

Mr. EMERSON. That I wouldn't know. If he was there at that time, I wouldn't know. I presume though, that the procedure that has been followed since then, is that on recommendations of various people, the trustees hired him, and I presume it was done before that, too.

Mr. KENNEDY. When Mr. Jansson left the employment of the UTWA for a while, and then he was rehired in 1954, who suggested Mr. Jansson be returned?

Mr. EMERSON. I think in consultation with the trustees we asked Mr. Klenert if he had any objections, and that was the way it was done.

Mr. KENNEDY. Did Mr. Klenert suggest Mr. Jansson at that time?

Mr. EMERSON. I don't know that he actually suggested him, but we certainly discussed it with him.

Mr. KENNEDY. Where did you say you came from? You came from where?

Mr. EMERSON. Winnsboro, S. C.

Mr. KENNEDY. How long have you been an electrician?

Mr. EMERSON. Twenty years.

Mr. KENNEDY. Did you go to school in Winnsboro?

Mr. EMERSON. No. I was born in Virginia, and I went to Winnsboro, S. C., and I went to work there in July of 1933, 24 years this month.

Mr. KENNEDY. Did you go to school?

Mr. EMERSON. In Virginia.

Mr. KENNEDY. Where in Virginia?

Mr. EMERSON. I believe it was Martinsville, Va., and I went to a couple of schools, but due to consolidation, I think Martinsville was the last school I went to.

Mr. KENNEDY. How far along in school did you go?

Mr. EMERSON. High school.

Mr. KENNEDY. Did you finish high school?

Mr. EMERSON. I don't have a diploma, but I went there.

Mr. KENNEDY. When you go through these reports, how do you and the other trustees operate, and how do you work, and how do you go about making your audit?

Mr. EMERSON. Making our audit?

Mr. KENNEDY. Are any of the other trustees auditors?

Mr. EMERSON. Are they auditors?

Mr. KENNEDY. Yes.

Mr. EMERSON. No.

Mr. KENNEDY. Are they accountants?

Mr. EMERSON. No; they are not accountants.

Mr. KENNEDY. How do the three of you go about making your audit?

Mr. EMERSON. One of them takes the checks, and I take the stub, and the other one takes the vouchers, and they call out the name of the check and the amount that is on it, and I check it against the stub.

The name is also there, and Mrs. Hamme has the vouchers and she opens it like that, sitting at her table just like this, and if the amount is correct, and there is no question about it, and if it is a routine thing, we go right on through.

Mr. KENNEDY. What about travel, for instance? Do you check into that to find out whether the person actually made the trip that they said they made?

Mr. EMERSON. Well, no, we couldn't ask everyone, Mr. Kennedy, did he make those trips. If there has never been any question about a guy padding his report, we wouldn't question whether a man went to Chicago and back.

Mr. KENNEDY. What about these hotels? Do you ever check to find out whether those bills that are submitted are accurate?

Mr. EMERSON. We couldn't check whether they are accurate or not. But I think that if it was too extreme, we would notice it.

Mr. KENNEDY. There is no way of checking when the three of you are sitting around this table, and you just go over and make sure that the three amounts are the same, but you never make any independent check yourselves, do you?

Mr. EMERSON. No; we don't go to the hotel and make independent checks. No, we do on some occasions go down to the payouts, and

see something like that. This would come up in discussion and we open it up and ask what this fellow was doing.

Mr. KENNEDY. Did you ever ask the fellow what he was doing?

Mr. EMERSON. No; either someone on the board or someone in the office knows what the guy was there for. If it happens in the South, I am pretty well aware of where fellows are working.

Mr. KENNEDY. What about Mr. Klenert or Mr. Valente themselves? They verify their own vouchers, do they?

Mr. EMERSON. Yes.

Mr. KENNEDY. They do that?

Mr. EMERSON. Yes, sir.

Mr. KENNEDY. They are the ones——

Mr. EMERSON. Let me get that question again now.

Mr. KENNEDY. When Mr. Klenert or Mr. Valente—let us take Mr. Klenert. When he submits a voucher that he was at the Atlantic Hotel, who checks his voucher?

Mr. EMERSON. In the usual procedure.

Mr. KENNEDY. He checks his own, then?

Mr. EMERSON. No, I wouldn't say that.

Mr. KENNEDY. Prior to coming to you?

Mr. EMERSON. I imagine he would. He checks his own.

Mr. KENNEDY. He checks his own?

Mr. EMERSON. I have an idea because they are in the office.

Mr. KENNEDY. Do you know if anybody checks to determine whether it is accurate or not?

Mr. EMERSON. No.

Mr. KENNEDY. What about Mr. Valente? Do you know if anybody checks to find out whether that is accurate?

Mr. EMERSON. No, they would have no reason to.

Mr. KENNEDY. What if somebody submits a voucher saying, "I spent \$5,000 in New York City last week."

Do you just go through and see that he spent \$5,000?

Mr. EMERSON. I think that would be unusual and we would certainly ask the individual involved. When there are any extremes of that, I think we would ask.

Mr. KENNEDY. Have you ever questioned Mr. Klenert about any of his expenses?

Mr. EMERSON. If we have, I don't recall any specific instance, but if we have we got the answer that was satisfactory.

Mr. KENNEDY. You never questioned Mr. Valente, did you?

Mr. EMERSON. I don't know that we have questioned him about any detail.

Mr. KENNEDY. You never questioned Mr. Klenert, have you, about any of his vouchers that he submitted?

Mr. EMERSON. I can't pull out any specific item, but it seems to me that we have discussed it with him on 1 or 2 occasions, asked him, "What was this for?"

Mr. KENNEDY. Do you remember ever discussing that with him?

Mr. EMERSON. I think we have.

Mr. KENNEDY. Can you give us any instance?

Mr. EMERSON. Especially around convention times, we would say among ourselves, "This is a lot of money; let's talk with Lloyd about it."

Mr. KENNEDY. Did he explain it all?

Mr. EMERSON. He did.

Mr. KENNEDY. Have you ever refused any of his vouchers, ever turned them down?

Mr. EMERSON. Have we ever refused any of them? No.

Mr. KENNEDY. Mr. Valente, did you ever turn any of his down?

Mr. EMERSON. No.

Mr. KENNEDY. Just tell me this: Despite Mr. Jacobs' sitting next to you, did you know anything about Auto Leasing, and did you know what the arrangements were on that?

Mr. EMERSON. No, I wouldn't know what the arrangements were on that. We do know we have seen the checks.

Mr. KENNEDY. Did you know Mr. Jacobs owned Auto Leasing?

Mr. EMERSON. I did.

Mr. KENNEDY. When did you find that out?

Mr. EMERSON. Probably it has been over a year.

Mr. KENNEDY. You have known for a year?

Mr. EMERSON. Yes, that he was in charge of it.

Mr. KENNEDY. Did you know that he owned Auto Leasing?

Mr. EMERSON. I knew he was in charge, and I wouldn't say that I knew that he owned it, but I knew he was in charge of it.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

Senator ERVIN. As a matter of fact, the trustees when they made these audits, they looked at the figures on the vouchers, and the figures on the checks, and the figures on the check stubs, and if they corresponded they did not make any further inquiries.

Mr. EMERSON. We did, Senator, if it was anything out of the ordinary. Let us say if a man's check had been running \$200 a week, and this week it was \$300, then we would look at it. If it wasn't explained there, then we might make inquiries about it and we would make inquiries to see what was wrong. But it was pretty well routine. If it was routine we certainly wouldn't. We look at 2,000 of them when we come in.

Senator ERVIN. Thank you.

The CHAIRMAN. Mr. Emerson, let me ask you 2 or 3 questions, because there will be some testimony along this line, I am advised.

Did you ever examine these hotel bills that are submitted by Mr. Klenert?

Mr. EMERSON. Hotel bills submitted to him, you mean? We turn them over and look at them; that is right. I don't say we have examined them too closely, but we check them.

The CHAIRMAN. Did you find any brassieres on them?

Mr. EMERSON. No, I don't think that I found any brassieres on them.

The CHAIRMAN. Did you find any slips charged to the union?

Mr. EMERSON. If we had, we probably would have asked him, did he wear them.

The CHAIRMAN. You would have asked him if he wore the brassieres?

Mr. EMERSON. Yes, sir.

The CHAIRMAN. And then approved them?

Mr. EMERSON. Well, I don't know.

The CHAIRMAN. Did you find any radios charged to the union, bought while he was at the hotel, and charged to the hotel bill?

Mr. EMERSON. No.

The CHAIRMAN. You didn't see anything like that?

Mr. EMBESON. I don't think so.

The CHAIRMAN. Wouldn't you know?

Mr. EMBESON. I guess we would.

The CHAIRMAN. If you saw it, would you approve it?

Mr. EMBESON. It would certainly have to be clarified, that is right.

The CHAIRMAN. It would have to be clarified?

Mr. EMBESON. Yes, sir.

The CHAIRMAN. Suppose you found a television set charged on the hotel bill. What would you do about that?

Mr. EMBESON. We would ask them about it.

The CHAIRMAN. Then what would you do?

Mr. EMBESON. Then in consultation with the other members, I presume we would submit it to the executive council.

The CHAIRMAN. What would you do if you found a milk stool and golfer's lamp charged to the union?

Mr. EMBESON. I think we would follow the same procedure.

The CHAIRMAN. Did you ever find any of these things?

Mr. EMBESON. I don't think so.

The CHAIRMAN. Did you ever find any charges like that that were improper?

Mr. EMBESON. Not in that line, I don't think so.

The CHAIRMAN. Would it surprise you to know that during the past few years, that many such items have been charged and that you have as an auditor approved it?

Mr. EMBESON. And it was on the voucher of the hotel bill?

The CHAIRMAN. If you had examined the vouchers; yes. It was on the hotel bill, and I assume they submit their bill, as a voucher. I do not know how you operate, and strange things happen, it seems, but the proper thing it would seem to me would be that when you allow a hotel bill, or whenever he makes up his voucher for the bill he submits, he would attach the hotel bill that he paid. When you pay a hotel bill, they give you a statement and that would be a proper document to attach to the claim for payment, for reimbursement.

Do you have these hotel bills submitted, so you can check them?

Mr. EMBESON. We do.

The CHAIRMAN. All right; they are submitted to you so you can check them?

Mr. EMBESON. That is right.

The CHAIRMAN. Have you ever found any of these things that I have mentioned?

Mr. EMBESON. We have not.

The CHAIRMAN. Well, would it surprise you to know it is a fact that many such things have been charged to the union, and paid by dues of union members, with you as a trustee to guard and protect their funds? Would it surprise you to find that is a fact?

Mr. EMBESON. I think that we would use the procedure that I have indicated, if we found that.

The CHAIRMAN. Your procedure is that you have approved of everything. You don't want to take the responsibility, do you, for approving the spending of union dues in that fashion?

Mr. EMBESON. I say that I do not, and I don't want to take the responsibility of doing it. But we have not run up on those things.

The CHAIRMAN. Do you think if it has actually happened, they have been concealed from you, have they?

Mr. EMERSON. Well, I would say that we didn't catch them, Senator.

The CHAIRMAN. Frankly, you wouldn't approve of such things, would you?

Mr. EMERSON. No; if it is not a legitimate expense, we wouldn't approve it.

The CHAIRMAN. Would you regard such items as I have mentioned, and others along that line, as legitimate expense for the union members to pay?

Mr. EMERSON. It would certainly have to be explained in a fashion that it would become all right. Just the way you put it, no.

The CHAIRMAN. I didn't think that you would. I am just pointing this up, at this time, by asking you these questions, not to reflect upon your integrity but primarily to show the system that is in operation in this union, and the inefficiency of it, and the imposition that has been made as the testimony I am advised will show—the imposition that has been made against the union members by this kind of expenditure of their dues.

I don't think that you would approve it if you knew it, and if they have been able to do these things, and you haven't caught it, then wouldn't you agree with me that there is room for some improvement in the auditing system?

Mr. EMERSON. There is always room for improvement.

The CHAIRMAN. There would be room for considerable improvement, if these things are going on; would that not be true?

Mr. EMERSON. In consultation with our CPA, we have asked for improvements. And I think made recommendations to the board. I think we have made recommendations to the board, and I don't remember the specific language, that Klenert hire experts to show improvements in our bookkeeping system.

The CHAIRMAN. You may have made such recommendations, and I don't know whether they hired them or not. How long ago were those recommendations made?

Mr. EMERSON. It would be recently.

The CHAIRMAN. This week?

Mr. EMERSON. I believe the board acted on it this week. We made the recommendations later on, and most of the recommendations that we discussed with Mr. Klenert at the time—it wasn't last week; it was some time back—put in administratively. Then they were acted on by the board.

The CHAIRMAN. It was after this investigation got underway.

Mr. EMERSON. It was before any of the investigators came to me.

The CHAIRMAN. Is there anything further, gentlemen?

Thank you. You may stand aside.

Mr. KENNEDY. We have an affidavit that we can put in.

The CHAIRMAN. The committee has an affidavit which may be read into the record at this time.

Mr. KENNEDY. It is from another trustee, Mr. Chairman:

AFFIDAVIT

I, E. Henrietta Hamme, make the following voluntary statement to Ralph W. Mills and Morton E. Henig. I have been told by Ralph Mills, and understand, that my statement will be used in testimony for the sworn record of the United

States Senate Select Committee on Improper Activities in the Labor or Management Field.

I have been one of the three international trustees of the United Textile Workers of America, AFL, since my election to that job at the August 1954 union convention. The other two trustees have served much longer than I.

My duty as a trustee consists of examining the vouchers, or bills, which support the expenditures of the international. Trustee Albert Drouin examines the canceled checks and Trustee Charles Emerson looks at the check stubs. Other than this examination, the trustees rely upon the audit reports of the union's certified public accountant. We make our examination whenever the international secretary-treasurer, Lloyd Klenert, notifies us to come in and do so. We spend 2 or 3 days on this task.

Although I am the newest trustee, I handle the vouchers. I do this job because a lady's hands are more nimble than a man's in opening vouchers.

Sometimes we may question an item. When we do, Mr. Drouin or Mr. Emerson asks Helen LaPlaca of the international office staff, and she explains the expense to them and they tell me. When the trustees know there is an organizational device in an area, we usually approve expenditures charged to that drive even where the voucher is not in detail. We know that an organizational drive takes money.

I have met with the union's CPA, Eric Jansson, only once during my nearly 3 years as a trustee.

I have had no experience in bookkeeping, auditing, or accounting. I never had seen a voucher before I became a trustee of my union.

I am a skilled textile worker, known as a looper. Until April 1957, I was a looper at the Bachelors' Friends Hosiery Co., York, Pa. I was a member of UTWA Local 2646, which had 145 members in the plant where I worked. The plant closed, and my union local disbanded. I am now unemployed, but hope to get a job in a dye plant soon.

Given this 20th day of July 1957, at the United States Senate Office Building, Washington, D. C.

E. HENRIETTA HAMME.

Witnesses:

/s/ JOSEPH JACOBS

/s/ RALPH MILLS

/s/ MORTON E. HENIG

Subscribed and sworn to before me this 20th day of July 1957.

[SEAL]

/s/ CHAS E. ALDEN,
Notary Public, District of Columbia.

My commission expires August 14, 1957.

The CHAIRMAN. The committee stands in recess until 2 o'clock this afternoon.

(Thereupon, the hearing was recessed at 12 noon, to reconvene at 2 p. m., the same day.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JULY 25, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 2 p. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building. Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Karl E. Mundt, Republican, South Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at the convening of the session: Senators McClellan, Ives, and Curtis.)

The CHAIRMAN. Call your first witness.

Mr. KENNEDY. We will call Mr. Klenert.

Apparently, he is not here. Is Mr. Valente here?

The CHAIRMAN. Will you be sworn, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VALENTE. I do.

TESTIMONY OF ANTHONY F. VALENTE, ACCOMPANIED BY HIS COUNSEL, J. M. McINERNEY

The CHAIRMAN. State your name and your place of residence and your business or occupation, please, sir.

Mr. VALENTE. My name is Anthony F. Valente, and my home is at 3507 Saul Road, Kensington, Md.

The CHAIRMAN. I see you have counsel with you.

Counsel, will you identify yourself for the record?

Mr. McINERNEY. James M. McInerney, 1217 F Street NW., Washington, D. C.

The CHAIRMAN. Thank you very much.

Mr. Valente, how long have you been president of the United Textile Workers?

Mr. VALENTE. I have been president since 1944.

The CHAIRMAN. International president since 1944?

Mr. VALENTE. That is right.

Mr. McINERNEY. Mr. Chairman, may we invoke the rule, under rule 8, about no pictures?

The CHAIRMAN. You may.

Gentlemen, you have heard the request and the request will be granted. The Chair might make a little statement about this rule 8 at this time.

I am going to make it primarily for other members of the committee to be thinking about, that it is my position, and I think the committee's, all members have agreed with me so far, that where a witness requests that no pictures be made, we are going to grant that request if he is going to testify.

If he is going to simply invoke the fifth amendment for an hour or two, I am not so sure that the Chair, and I do not know about the rest of the committee, will be so considerate, but I am assuming this witness is going to testify.

Mr. VALENTE. I am going to testify, sir.

The CHAIRMAN. That question is going to come up sometime in the future. I think, and I just wanted to make a little announcement about it now.

All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Valente, you were born in Italy?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And you came over to the United States at what age?

Mr. VALENTE. Five or six years old.

Mr. KENNEDY. And you are a naturalized citizen?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. You were naturalized at what age?

Mr. VALENTE. I filed my declaration, I believe, in 1936.

Mr. KENNEDY. Up in Lawrence, Mass.?

Mr. VALENTE. In Worcester, Mass.

Mr. KENNEDY. Now, you have been with the United Textile Workers for how long?

Mr. VALENTE. Since 1933.

Mr. KENNEDY. You went to work in a textile plant at that time?

Mr. VALENTE. I was working in a textile plant at that time and I started working in the textile plant when I was around 13 years old.

Mr. KENNEDY. Here in the United States?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. You have been working with textiles in a textile plant or been associated with the textile union since that time?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. Now, you became a member of the union in 1933?

Mr. VALENTE. That is correct, sir.

Mr. KENNEDY. And that is the AFL union, and at that time was there a CIO union?

Mr. VALENTE. There was not.

Mr. KENNEDY. When did the CIO union come into being?

Mr. VALENTE. I believe the CIO Textile Workers organizing committee came into being the latter part of 1936 or the first part of 1937.

Mr. KENNEDY. Your union had nothing to do with them?

Mr. VALENTE. At that time our union was one of the unions that was a part of the CIO.

Mr. KENNEDY. Your union is completely independent and has been completely independent from the CIO Textile Workers?

Mr. VALENTE. Since 1939, yes.

Mr. KENNEDY. Since 1939?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. Now, you became a member of the Textile Union in 1933?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. Where was that?

Mr. VALENTE. That was in Uxbridge, Mass.

Mr. KENNEDY. When did you first become an official of a textile union?

Mr. VALENTE. It was the latter part of 1933.

Mr. KENNEDY. You became an official in your local, did you?

Mr. VALENTE. Yes, I was secretary of the local union.

Mr. KENNEDY. You were elected secretary of the local union?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. And you continued as an official until what time?

Mr. VALENTE. Until I think it was the latter part of 1944.

Mr. KENNEDY. Always as secretary?

Mr. VALENTE. Secretary or vice president.

Mr. KENNEDY. You became a vice president?

Mr. VALENTE. That is correct.

Mr. KENNEDY. Vice president of a local?

Mr. VALENTE. Vice president of the local union.

Mr. KENNEDY. What year was that, do you remember approximately?

Mr. VALENTE. Around 1934 when I became a vice president.

Mr. KENNEDY. And you held that position until 1944 when you became president of the international?

Mr. VALENTE. No, that is not correct. I then was elected secretary-treasurer of a department of the United Textile Workers of America, in the latter part of 1934.

Mr. KENNEDY. What other positions did you hold?

Mr. VALENTE. Well, then, when the CIO Textile Workers organizing committee was set up and came into being, I was assigned to work in Lawrence, Mass., as a regional director for the CIO Textile Workers organizing committee.

Mr. KENNEDY. Do you have any other positions?

Mr. VALENTE. I held that position until I think it was May of 1939 or the latter part of 1938, where I resigned from the CIO Textile Union.

Mr. KENNEDY. Did you take part in the forming of the AFL union?

Mr. VALENTE. Yes, sir, for about 6 months after I resigned from the textile workers organizing committee, of the CIO, I was on the staff of the American Federation of Labor as an organizer, and assigned specifically to work in textiles and to reform the United Textile Workers of America, AFL.

Mr. KENNEDY. How long did you remain on their payroll?

Mr. VALENTE. I would say a year and a half or two years.

Mr. KENNEDY. That is while this union was being formed; is that correct?

Mr. VALENTE. That is right.

Mr. KENNEDY. Then you were elected president of the international in 1944?

Mr. VALENTE. I was elected international secretary-treasurer in 1939, when we were chartered by the American Federation of Labor.

Mr. KENNEDY. In 1944?

Mr. VALENTE. In 1939.

Mr. KENNEDY. Were you elected president in 1944?

Mr. VALENTE. That is correct.

Mr. KENNEDY. You have held that position up until the present time?

Mr. VALENTE. That is right.

Mr. KENNEDY. Now, the elections up until recently have been once every 2 years; is that right?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And you have been reelected. Have you had opposition?

Mr. VALENTE. No, sir.

Mr. KENNEDY. You never had opposition?

Mr. VALENTE. No, sir.

Mr. KENNEDY. Now, Mr. Valente, what we are interested in at this particular time is in connection with these houses that were purchased by you and Mr. Klenert and you are familiar with that, I suspect?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. During 1952?

Mr. VALENTE. That is right.

Mr. KENNEDY. Early in May of 1952, you and Mr. Klenert made plans to purchase two homes, is that right?

Mr. VALENTE. I believe it was prior to early May, and I think it——

Mr. KENNEDY. You had made plans in April?

Mr. VALENTE. The first part of April.

Mr. KENNEDY. And the first part of May you were ready to purchase those two homes; were you not?

Mr. VALENTE. We were ready on the first part of May.

Mr. KENNEDY. Now, the cost of these two homes was \$95,000; is that right?

Mr. VALENTE. Well, the cost of my home was \$42,500.

Mr. KENNEDY. And the cost of Mr. Klenert's was \$52,500?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And on or about May 5, 1952, \$95,000 was deposited with the Mutual Realty Co.; is that right, Mutual Title Co.?

Mr. VALENTE. Not for that purpose.

Mr. KENNEDY. It was deposited for some other purpose?

Mr. VALENTE. That is correct.

Mr. KENNEDY. What was that purpose?

Mr. VALENTE. It was deposited for the purpose of a deposit on some real-estate property in the form of a building or investments for the United Textile Workers of America.

Mr. KENNEDY. What building did you have in mind?

Mr. VALENTE. Well, we had looked at a number of buildings.

Mr. KENNEDY. What building did you have in mind for the \$95,000?

Mr. VALENTE. There was no specific building in mind, but we were anticipating that we would buy a building.

Mr. KENNEDY. How did you happen to come up with the figure of \$95,000, which happened to be exactly the same as the price of your two homes?

Mr. VALENTE. I didn't look at this particular building myself. It was my understanding that there was a building that the downpayment would require somewhere in the vicinity of \$115,000, and the \$95,000 was put down for the purpose of bargaining purposes.

Mr. KENNEDY. What purposes?

Mr. VALENTE. Bargaining purposes.

Mr. KENNEDY. Did you get some document from the Mutual Title Co. in connection with that building?

Mr. VALENTE. No.

Mr. KENNEDY. You did not?

Mr. VALENTE. No.

Mr. KENNEDY. Now, the \$95,000 that you say that you deposited for the building, was any of that \$95,000 used in the purchase of your home and Mr. Klenert's home?

Mr. VALENTE. Part of it was.

Mr. KENNEDY. \$57,000?

Mr. VALENTE. Yes, sir.

(At this point, Senator Mundt entered the hearing room.)

Mr. KENNEDY. \$57,000 of \$95,000 was used for the purchase of your home, and Mr. Klenert's home; is that correct?

Mr. VALENTE. It was borrowed for that purpose.

Mr. KENNEDY. Was it listed in the records and books of the union as being borrowed, or was it listed as a building fund?

Mr. VALENTE. In the part that we borrowed, you mean?

Mr. KENNEDY. Yes.

Mr. VALENTE. The part that we borrowed was not listed for that purpose. It was listed for organizational purposes.

Mr. KENNEDY. I am talking about the \$95,000 that was deposited on or about May 5.

Mr. VALENTE. That was listed on the books as a deposit on a building.

Mr. KENNEDY. It was not listed as a loan to Mr. Klenert or Mr. Valente?

Mr. VALENTE. No, sir.

Mr. KENNEDY. Now, subsequently, that \$95,000 was returned to the union, was it not, \$95,000 was returned from the Mutual Title Co. to the union?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And \$57,000 was substituted for it, is that correct, to cover the payments that had been made on your homes?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And that \$57,000 was charged to organizational expenses?

Mr. VALENTE. That is correct, and we acted on certain authorizations.

Mr. KENNEDY. When you say that you acted under an authorization, were you authorized at that time to deposit the money or use the \$57,000, the second \$57,000, were you authorized to use that to purchase a home for yourself and Mr. Klenert?

Mr. VALENTE. Not specifically. We were authorized to lay aside or segregate a certain amount of money. We were not told and that was left to our discretion how we were going to do it.

Mr. KENNEDY. How did you arrive at the figure? Were you authorized specifically to lay aside \$57,000?

Mr. VALENTE. As I recall, we had a discussion when it first came up, I believe it was sometime the latter part of April, at a board meeting in Miami, Fla., and we had some discussion as to how much, and several people participated in the discussion, and we arrived at a figure somewhere in the vicinity of \$56,000 and some-odd hundreds.

Mr. KENNEDY. You just arrived at the figure of about \$57,000?

Mr. VALENTE. I think it was slightly short of that.

Mr. KENNEDY. Was it just a coincidence that this \$57,000 figure that you arrived at happened to cover the cost of your two homes, the equity in your two homes?

Mr. VALENTE. I believe it was.

Mr. KENNEDY. Just the same coincidence as the \$95,000 that you originally put up for the purchase of a building happened to cover the cost, complete cost, of your two homes?

Mr. VALENTE. I would say so.

Mr. KENNEDY. Those two coincidences happened within 15 days of one another, or 10 days?

Mr. VALENTE. Yes, sir.

Senator CURTIS. Could you wait there for just a few short questions?

What was the date that you looked at the houses and decided that they would be what you would want to purchase?

Mr. VALENTE. Senator, I think we started looking at houses somewhere around the month of January of 1952. We looked at a number of houses and I think we finally decided on the present house or at least I put a downpayment on the present house, around the first part of April, and I think it was around the 4th or 5th of April of 1952.

Senator CURTIS. Even though your contractual arrangements were not completed the first part of April was the time that you decided that these were the houses that you would like?

Mr. VALENTE. Yes, and I think that we had 40 days to close.

Senator CURTIS. Now, what was the date of your deposit of \$95,000 with the Mutual Title Co.?

Mr. VALENTE. I believe it was the first part of May, and I don't recall, the second or third or fourth or somewhere in there.

Senator CURTIS. It was May 2.

Mr. VALENTE. I would say that was correct.

Senator CURTIS. In other words, you knew for probably 3 or 4 weeks prior to your deposit of \$95,000 that that was the total sale price of these two houses; did you not?

Mr. VALENTE. I believe we did.

Senator CURTIS. If they were paid for in cash.

Mr. VALENTE. Pardon me?

Senator CURTIS. If they were to be paid for in cash, it would amount to \$95,000 for the two of them, and you were aware of that figure at the time that the \$95,000 was deposited with Mutual Title?

Mr. VALENTE. Well, I knew what my house was going to cost and I knew it was \$42,500.

Senator CURTIS. And you knew what Mr. Klenert's house would cost?

Mr. VALENTE. Yes, I knew what it was going to cost.

Senator CURTIS. That is all.

Mr. KENNEDY. So the \$57,000 was forwarded to the Mutual Title Co. and charged to organizational expense, and the Mutual Title Co. in return, returned the \$95,000 to you people.

Mr. VALENTE. Yes, and we deposited \$57,000 under the authorization given to us by the executive council the latter part of April of 1952.

We also had further instructions to segregate them and call them organizational funds.

Mr. KENNEDY. Did you need some money in order to buy your homes, at that time?

Mr. VALENTE. Personally?

Mr. KENNEDY. Yes.

Mr. VALENTE. Yes. I think I was short about \$10,000 that I would have to borrow as a second trust.

The CHAIRMAN. Let me ask you a question there.

How do you interpret the words "segregate" and "lay aside?" What is their meaning to you?

Mr. VALENTE. Well, my meaning, and I don't know whether I am qualified to give the definition of "segregation" or "lay aside," but I interpret the instructions from our executive council to lay it aside so it would not show to the public that we were holding aside a fund for any emergency that may come up within our organization.

The CHAIRMAN. You could lay aside funds where it would not show by placing them in cash in a lockbox, could you not?

Mr. VALENTE. I suppose we could have.

The CHAIRMAN. What I am trying to find out is this: Are we to believe that you interpreted "lay-aside" and "set-aside funds," as authorizing you to use those funds for your personal purposes?

Mr. VALENTE. That was the device that we arrived at, at that time, Senator.

The CHAIRMAN. I am sure it is a device, but I am asking you, did you think the authorization to lay aside money, or segregate it and lay it aside, carries with it an authorization to take that money and use it for personal benefit and gain?

Mr. VALENTE. I don't interpret that I was using it for personal purposes and gain. All I needed, I could have closed on my house without using the segregated money because all I needed was \$10,000, at the time, which I could have borrowed.

The CHAIRMAN. You could, of course, pay cash, if you had the cash. That does not explain it. That is saying you had the money and you could have bought it yourself if you wanted to, or had all of the money, but \$10,000.

We are trying to determine here how the trusteeship in this instance was exercised in the care and handling and use of these union funds.

Now, it is difficult for me and it seems to me it will be very difficult for anyone else to interpret the words "lay aside" and "segregate money," as authorizing the person who was given those instructions to take that money and buy a home in his own name when those funds were trust funds.

Now, that is the action that you took. Did you so interpret and do you want to testify now that you interpreted those words to mean and to authorize you to do that?

Mr. VALENTE. I was authorized to lay aside and hide away or whatever you want to call it, certain amounts of money. I chose or I was part of a decision to choose that device.

As far as I was personally concerned, the only reason why that device was used, or the house device, was because we thought at the time that that would be a good way to hide away the money.

I did not need that much money to close on my house, because I could have closed that day or the next day, just by securing an additional loan of \$10,000, which I did later on.

The CHAIRMAN. Let me ask you one other question, now. Suppose within the next day or two after you had so used this money to purchase a home in your own name, you had died. Would there have been any record, any written document or evidence whatever if you want to call it a loan, that your estate owed that much money to your union?

Mr. VALENTE. Well, there would have perhaps not been a record, but I would like to call to your attention that at the time the United Textile Workers of America had a policy on my life for some \$20,000 where the organization was beneficiary.

The CHAIRMAN. They had that policy before they knew of this transaction, did they not?

Mr. VALENTE. Yes, sir.

The CHAIRMAN. They had that policy for some other purpose?

Mr. VALENTE. We had the policy, in the name of the United Textile Workers of America as beneficiary.

The CHAIRMAN. Is that the policy that you hypothecated on May 5 to borrow some money?

Mr. VALENTE. That is right, along with the instructions that once the \$5,000 loan was paid up, it would revert to the United Textile Workers of America.

The CHAIRMAN. At least that \$5,000 would have had to be paid back out of the policy, would it not?

Mr. VALENTE. That is right, and it would have left them around \$17,000 or \$18,000.

The CHAIRMAN. Let me ask you one other question. Would you recommend this character of transactions to any other union?

Mr. VALENTE. Not in the normal operations, but we had a peculiar problem at the time, Senator.

The CHAIRMAN. Well, I do not know that it is so peculiar. It seems to me if it was a good practice for your union to lay aside a little money for some special purpose, that all unions might have the same occasion and need to do likewise. Why would it be peculiar just to your union?

Mr. VALENTE. For this reason, Senator: We had a problem and I believe it has already been testified to, and I am not going to go into too much detail, but I would like to repeat it, that we had a problem where we were taking into our organization some 35 to 40 or 50 men who, for the 10 or 12 preceding years, had tried to destroy our organization through raids.

In a period of 10 years we had 104 raids against our organization and every time one of our contracts would expire, we would be faced

with an NLRB election. Out of a clear sky, these men—because they had an intraunion fight in the CIO Textile Union, were coming into our union.

A number of our people were concerned of what was going to happen to our union and what was going to happen to their future.

I was personally concerned and I felt I had a moral obligation to protect the future and the destiny of our union and these men.

The CHAIRMAN. Buying a home for yourself with union moneys is not necessarily a protection to the union, is it?

Mr. VALENTE. That was only a temporary device, as far as I was concerned, Senator, and that money was always intended to be returned to the union, as soon as possible.

The CHAIRMAN. Well, that could be true, but that would make it a loan. On the face of it, that is what it may appear to be, in view of your explanation of it. But the point I am making is laying aside money for a specific purpose, that specific purpose could arise even the next day after you paid that money for a home, and you would not have had the cash on hand to have used it.

Mr. VALENTE. I could have borrowed it the next day, sir. That is if we decided to return it the next day.

The CHAIRMAN. Well, maybe you could. But if such a practice should become an approved practice in the handling of union funds, I am sure that there would be occasions when such use would be made of the money and it could not be returned when the need arose.

Mr. VALENTE. There was never any other intention than to return the money.

Senator CURTIS. I have examined, Mr. Chairman, the minutes wherein authorization to segregate certain funds was provided for.

I want to ask you this: Were you ever authorized to take funds and remove them so that the ownership and title was no longer in the union?

Mr. VALENTE. We were authorized to lay aside without any specific instructions as to the method.

Senator CURTIS. Well, I have read the minutes and it uses the word "segregate." But do you claim that you were ever authorized to take funds so that they were no longer owned by the union?

Mr. VALENTE. We were not given specific authorization as to how or what device to use.

Senator CURTIS. I will put it this way: That money that was in your house, the union did not have title to it, did they?

Mr. VALENTE. No, that is correct.

Senator CURTIS. They did not have possession of it.

Mr. VALENTE. That is right.

Senator CURTIS. Now, were you ever authorized to take funds and remove them beyond the possession and title of the union?

Mr. VALENTE. Not specifically, and we were just authorized—

Senator CURTIS. Generally, were you?

Mr. VALENTE. Generally, we were authorized to lay aside and the device was left to our discretion.

Senator CURTIS. Will you show us that authorization?

Mr. VALENTE. Show it to you?

Senator CURTIS. The one we have here talks about segregating.

Mr. VALENTE. Well, I would have to see the minutes of the various board meetings, in order to find specific authorization. We first discussed it in Miami, the latter part of April of 1952. That was the first step.

Senator CURTIS. You mean about buying houses?

Mr. VALENTE. Oh, no. About hiding or laying aside money.

Senator CURTIS. Who knew that this money was placed in your houses besides you and Mr. Klenert?

Mr. VALENTE. In what period?

Senator CURTIS. Anytime.

Mr. VALENTE. Well——

Senator CURTIS. Anytime before the last of August of 1952.

Mr. VALENTE. I would say a number of people knew before the first of August.

Senator CURTIS. Who knew at the time it was done?

Mr. VALENTE. Mr. Klenert and myself.

Senator CURTIS. And anybody else?

Mr. VALENTE. No, sir.

Senator CURTIS. Now, you have stated here that that was a loan.

Mr. VALENTE. I considered it as a loan, to be repaid at any time that we decided the device was no longer necessary and the money should go back into the treasury.

Senator CURTIS. What can you point to in support of your contention that that was a loan?

Mr. VALENTE. In my own mind it was always a loan.

Senator CURTIS. What else?

Mr. VALENTE. Authorization for loans?

Senator CURTIS. What authorization for loans?

Mr. VALENTE. We have had a practice in our organization ever since the mid-1940's that we had authority to loan money to the staff members, office employees, officers.

Senator CURTIS. I believe Mr. Klenert stated that and told how he borrowed \$1,000.

Mr. VALENTE. I borrowed on several occasions, and I might add in the early part of our reforming the United Textile Workers of America it worked the other way. I and other individuals loaned money to the union, when the union needed it and it has not been a one-way street.

Senator CURTIS. When you borrowed pursuant to that authority, the books and records showed that it was a loan?

Mr. VALENTE. Ordinarily they would show it.

Senator CURTIS. When you repaid it, the books and records showed that it was a repayment of a loan, did they not?

Mr. VALENTE. That is correct.

Senator CURTIS. Do you now claim that the money used to purchase these houses was in exercise of that privilege of borrowing money that had been extended to officers and employees?

Mr. VALENTE. Well, it was a twofold purpose. First, it was a loan, and I admit it was a loan, and secondly the only reason why I used it as a loan was because we had to find a device to lay aside money.

Senator CURTIS. That is not what I asked you.

Mr. VALENTE. I am sorry.

Senator CURTIS. I asked you if you now claim that the taking of this money and putting it into your homes was an exercise of that privilege

that the officers and employees had of borrowing money from the union and paying it back?

Mr. VALENTE. I believe we had that authority, yes, sir.

Senator CURTIS. Do you claim now, and I think you understand my question, do you claim now that the taking of the money that went into your homes was made by availing yourselves of the practice and privilege that had been carried on there, allowing officers and employees to borrow money and pay it back?

Mr. VALENTE. Yes, that is correct, one part of it.

Senator CURTIS. Why did you not handle it that way?

Mr. VALENTE. Because we had the other problem, and we had the problem of laying aside or hiding away.

Senator CURTIS. Now, who were you hiding from?

Mr. VALENTE. We were hiding from groups that we had taken into our organization, that from past history and past records we did not know whether they were going to become loyal members of the United Textile Workers of America, or whether they were going to try to change and take over and change the structure of the United Textile Workers of America.

Senator CURTIS. Is it your contention that you could hide funds from the loyal members of your union?

Mr. VALENTE. No, sir.

Senator CURTIS. But you can from the disloyal members?

Mr. VALENTE. That is correct.

Senator CURTIS. Who determines whether they are disloyal?

Mr. VALENTE. They may have not been any disloyal members.

Senator CURTIS. You have stated that you cannot hide funds from loyal members, and now you tell me about this practice of hiding the money from the disloyal ones, but make it open and plain to the loyal ones. Will you explain that?

Mr. VALENTE. Because, as I have stated before, the money could have been returned at any time that either the emergency did not exist—

Senator CURTIS. We are not talking about returning the money. You have stated that you had no right to hide funds from the loyal members of the union.

Mr. VALENTE. We weren't hiding them for that purpose, I think that I said.

Senator CURTIS. I am not concerned about what the purpose was. I am asking you how this transaction failed to hide this money from the loyal members of your union.

Mr. VALENTE. We didn't have to hide from them.

Senator CURTIS. What is that?

Mr. VALENTE. We didn't have to hide from them.

Senator CURTIS. I didn't ask you if you had to hide. I asked you how it was revealed to the loyal members and hidden from the disloyal members.

Mr. VALENTE. It wasn't revealed in that particular period; eventually, it was revealed.

Senator CURTIS. Well, you have admitted that you have no right to hide the property that belongs to the members from the members, if they are loyal?

Mr. VALENTE. Yes, sir.

Senator CURTIS. But you did that, did you not?

MR. VALENTE. We acted under the instructions of the executive council, Senator. We had the right, and we had the authority.

SENATOR CURTIS. But you hid it from all of your members, whether they were loyal or not, did you not?

MR. VALENTE. We hid it from everyone.

SENATOR CURTIS. Including the loyal members; is that not right?

MR. VALENTE. With the exception of the members of the executive council, and they knew, and I understood it to mean, that this money was going to be used for the protection of the loyal members of the United Textile Workers of America.

SENATOR CURTIS. That is all.

SENATOR MUNDT. Mr. Valente, you base this reason for developing this hidden-ball trick, which we are discussing, on the fact that you were taking in, I believe, a new element of members into your union, about whom you had some suspicions as to their loyalty to the overall purposes and membership of the union.

MR. VALENTE. That is correct, because of past history, and past events.

SENATOR MUNDT. How many new members were taken in, that were suspected of disloyalty, and how big an element was this?

MR. VALENTE. We put on the payroll of the United Textile Workers of America every organizer and every official that was discharged by the CIO textile union president, and I think we went as high as forty-odd at one time, at our peak.

SENATOR MUNDT. You got in 40 people?

MR. VALENTE. Forty staff members.

SENATOR MUNDT. There were about 40 people of whom at the time you had some suspicion?

MR. VALENTE. That is correct.

SENATOR MUNDT. I cannot quite understand how 40 people in a union of 60,000 could do anything particularly wrong with your funds, even though they were disloyal.

MR. VALENTE. Senator Mundt, I think we have a little confusion. There were more members than that, but I am talking now of the staff members, the representatives.

SENATOR MUNDT. I am talking about the members. How many members did you bring in?

MR. VALENTE. Well, when the campaign first started, there were a number of guesses, anywhere from 100,000 down.

SENATOR MUNDT. New ones, you mean?

MR. VALENTE. That is what we were promised; that is correct.

SENATOR MUNDT. And you had how many of your own?

MR. VALENTE. At that time, I think that we had something like, I would be guessing and I would have to check, but I would guess about 65,000 or 70,000.

SENATOR MUNDT. So that you are telling us that the new element brought in had more votes than the hometown crew that you had before; is that right?

MR. VALENTE. If the highest promise made was realized, it would be that way, sir.

SENATOR MUNDT. All right; now, I have a little difficulty, Mr. Valente, squaring what you have just said this afternoon with the report filed by Mr. Joseph Jacobs and the four members of the executive board who examined this transaction at the request of Mr. Meany,

and then reported back to him in a letter of January 28. You are familiar with that report?

Mr. VALENTE. Yes; I am.

Senator MUNDT. And, at the top of page 3 of that report, they relate this situation that you have just described, which, certainly, takes on a validity if you were taking in more members than you had members of your own group, and I can see how some suspicions might develop.

Mr. VALENTE. It didn't turn out that way, but we anticipated that it might.

Senator MUNDT. I have no proof to the contrary, so that would tend to buttress that argument. After that paragraph related by this committee, that Mr. Meany says is a whitewash committee and which you say is a factual committee, and we are trying to find out what committee it is, comes this paragraph:

The committee finds that, in keeping with such recommendations—the recommendations of your executive board that you have this hidden-ball trick—

the sums of \$30,000 and \$27,000 were immediately set aside in liquid fashion for such purpose.

This is what I want to devote your attention to:

The committee further finds that thereafter, when the question arose that such funds had been apparently withdrawn from the organization for the private and personal use of the president and secretary-treasurer, after consultation with members of the executive board, this stated amount of money was returned to the treasury of the United Textile Workers on August 27, 1952.

That clearly leaves the implication that the committee itself frowned on the device employed by you and Mr. Klenert of putting this money into your personal homes.

I would like to have your comments on that.

Mr. VALENTE. Well, of course, Senator, I wasn't on the committee. I didn't take any part in drafting that report. It would be quite difficult for me to ascertain, or to state what the committee had in mind, when they used that language.

Senator MUNDT. Well, they said they did this after consultation with members of the executive board, and I presume that you at that consultation, you and Mr. Klenert are members of the executive board.

Mr. VALENTE. I presume they consulted with me, too.

Senator MUNDT. What transpired at that consultation?

Mr. VALENTE. I don't remember exactly what transpired at this time, Senator.

Senator MUNDT. Well, you agree at least that a third party, reading the paragraph that I have just quoted, would have to arrive at the deduction that the committee had frowned on that particular device for segregating the fund.

Mr. VALENTE. I wouldn't say that they frowned, because that committee at the time that they drew up that report, already knew and had known for some time that we used the houses as the device for laying aside. In fact they knew away back, several weeks after May 15, they knew.

Senator MUNDT. Then they requested you to return the money to the fund; is that right?

Mr. VALENTE. No; we made that decision, Mr. Klenert and myself made the decision to return the money.

Senator MUNDT. Did the executive board ask you to do that?

Mr. VALENTE. No, sir.

Senator MUNDT. Then this report does not mean what it says, because it says:

After consultation with members of the executive board, the stated amount was returned.

Mr. VALENTE. After we stated with members of the executive council, both Mr. Klenert and myself called to their attention some of the rumors that were going around and one of the rumors was that my house had been paid for in cash, and was loan-free and paid for with union funds and there were many rumors going around and we decided to do it and we consulted with the executive council, and they said, "Go ahead and put it back."

Senator MUNDT. Some of your presentation this afternoon has been very persuasive, and convincing to me, Mr. Valente, but it was not very persuasive and convincing when you answered the chairman's question by saying it was just a curious coincidence that you happened to lay aside \$57,000 and the \$57,000 just happened to be the amount of money owed on the houses. I do not think that you are quite candid with us when you tell us that is just a strange coincidence.

Mr. VALENTE. I would say it was a coincidence because of this, Senator: All I needed to settle on my house, I wish to repeat, was \$10,000, which I could have borrowed. So if we used that formula, and of course it coincides with the \$57,000, and the exact amount needed for the house was a coincidence.

Senator MUNDT. That still is not very convincing. It is quite an unusual sum, if you are going to set aside some money for the purposes which you have stated and which you have explained rather persuasively, as being a legitimate reason. I can see how you might set aside \$50,000, \$60,000, or \$65,000, but this is a curious figure of \$57,000. You just don't ordinarily do things in those numbers which are not rounded out unless there is some motivating factor. The motivating factor to me, appears to be the fact that you had that \$57,000 obligation for the houses, and you determined at that time to use it for that purpose.

Mr. VALENTE. That is when we had the discussion. One member, I recall, offered the formula inasmuch as our membership I will say was around \$67,000, that we should put down \$1 a head.

Senator MUNDT. That I could understand, and that would be \$67,000.

Mr. VALENTE. Then someone raised a question that 10 cents of that dollar per member per month was earmarked as a defense fund, and so that reduces it to 90 cents per member per month, and someone else offered the idea that there should be some deduction for administration expenses. It came to roughly, and I don't recall the exact figure, around fifty-six-thousand-odd-dollars, and we used the next figure.

Senator MUNDT. You have been at these hearings throughout, and did you hear what Mr. Klenert testified to?

Mr. VALENTE. Yes; I was.

Senator MUNDT. Did you hear his testimony, when the committee interrogated him about the general overall policy of running a loaning agency at which you could borrow money without interest, and without collateral, if you happened to be in the select circle of officials and council members?

Mr. VALENTE. Yes, sir.

Senator MUNDT. Did you hear that?

Mr. VALENTE. Yes, sir.

Senator MUNDT. Did you hear him say that that was a bad practice, and that he was going to support a move to stop that kind of practice?

Mr. VALENTE. Yes; I did, sir.

Senator MUNDT. Do you want to comment on that?

Mr. VALENTE. Both Mr. Klenert and myself strongly recommended at our last meeting on Saturday and Sunday, that that practice be discontinued and that on many more practices were voted by the executive council to be discontinued.

Senator MUNDT. You are talking about just this past weekend?

Mr. VALENTE. Last Saturday and Sunday, sir.

Senator MUNDT. Was your recommendation adopted by the Council?

Mr. VALENTE. By unanimous vote, sir.

Senator MUNDT. Do you think these hearings may have contributed to the unanimity of the vote, Mr. Valente?

Mr. VALENTE. In that respect, I would say yes, sir.

Mr. KENNEDY. Mr. Valente, I was interested in your statement about the fact that all you had to do was raise \$10,000 in order to purchase these homes; is that correct?

Mr. VALENTE. Roughly, I would say that is correct, sir.

Mr. KENNEDY. And you could have done it without any difficulty. Well, ultimately, I believe you also said that you could have raised this \$10,000 with no difficulty and it would have been easy.

Mr. VALENTE. At that time it would have been very easy.

Mr. KENNEDY. Then, on August 27, I believe you did return \$57,000 you and Mr. Klenert returned \$57,000; is that not right?

Mr. VALENTE. That is correct.

Mr. KENNEDY. Did you have to borrow money in order to return the \$57,000?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. Did you borrow \$10,000? Is that how much you borrowed?

Mr. VALENTE. We borrowed a lot of money around that time.

Mr. KENNEDY. You borrowed a lot of money?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. If you only needed \$10,000, you borrowed even more than \$10,000?

Mr. VALENTE. We borrowed more than we actually needed; yes, sir.

Mr. KENNEDY. Did you go to a bank and get the \$10,000 that you needed?

Mr. VALENTE. Some loans were at banks, and some loans were from private individuals.

Mr. KENNEDY. It would have been very easy to return this money; if that is so, why was it necessary to go to various sources in order to raise money?

Mr. VALENTE. Because we were borrowing money, at that time, as I recall, and the organization was borrowing money, and we anticipated at that time that the way things looked that unless we borrowed money we would be running in a deficit.

Mr. KENNEDY. I am talking about you and Mr. Klenert.

Mr. VALENTE. That ties in with it.

Mr. KENNEDY. We are just talking about you and Mr. Klenert borrowing money.

Mr. VALENTE. The reason why we overborrowed, and the reason why I overborrowed, and I believe Mr. Klenert had the same idea in mind, was that we anticipated that we might have to go on half pay or no pay, and we wanted to be prepared.

Mr. KENNEDY. You had to go on what?

Mr. VALENTE. With half pays, or no pays for a period. So we wanted to have money to carry on.

Mr. KENNEDY. So you borrowed it all in this period of time?

Mr. VALENTE. We made a number of overtures for loans, from a number of people, and when they all came through, we accepted them.

Mr. KENNEDY. Did you go to any of the companies with whom the United Textile Workers of America had contracts, and did you go to any of the officers of those companies to try to get loans?

Mr. VALENTE. There was one transaction that I participated in; yes, sir.

Mr. KENNEDY. What was that? First let me ask you: How much money did you and Mr. Klenert borrow during this period of time, in order to pay back the \$57,000?

Mr. VALENTE. Well, of course, I cannot give you at the moment figures for Mr. Klenert, but I can tell you how much money I borrowed personally.

Mr. KENNEDY. How much money did you borrow?

Mr. VALENTE. I would have to think back a little bit. This is from recollection right now. It was 5 years ago. I borrowed in that period, from May to August, \$5,000 from the City Bank, and I borrowed \$7,500 from the Philadelphia National Bank, and I borrowed \$5,000—I am talking in thousands, and if I should say hundreds, it is thousands. It was thousands of dollars.

Mr. KENNEDY. The \$5,000, the first \$5,000 that you borrowed that you mentioned was from the City Bank, for a downpayment on your home, one of the payments on your home?

Mr. VALENTE. Well all of this eventually was used.

Mr. KENNEDY. I am going to get to that. That \$5,000 was borrowed on May 5?

Mr. VALENTE. With that purpose in mind. That \$5,000 was applied for, I think, sometime in April, and it came through around May.

Mr. KENNEDY. Now I am talking about the loans that you made in August, when you started to go around to try to get money to pay back the \$57,000, you and Mr. Klenert. Who did you borrow from, and how much did you borrow?

Mr. VALENTE. I borrowed \$5,000 from Leslie Shomo.

Mr. KENNEDY. Who was Leslie Shomo?

Mr. VALENTE. He is the vice president of the National Publishing Co. here in Washington.

Mr. KENNEDY. How do you spell that?

Mr. VALENTE. S-h-o-m-o.

Mr. KENNEDY. He is vice president of the National Publishing Co.?

Mr. VALENTE. A personal friend of mine, over a period of 15 to 20 years.

Mr. KENNEDY. Is the National Publishing Co. of any business with the United Textile Workers of America?

Mr. VALENTE. They do the printing for the United Textile Workers of America.

Mr. KENNEDY. You went to an officer of the company with whom your union has the contract to do printing?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. And borrowed \$5,000 from him?

Mr. VALENTE. When I went to Mr. Shomo, I didn't go to him as an officer of the National Publishing Co. He had been a personal friend for a period of 15 years at the time, and we socialized together, and we were on a first-name basis, and I knew him when he was a salesman. And so I didn't go to him as the vice president or managing director of the National Publishing Co. I went to him as a personal friend, and put it on a personal basis.

Mr. KENNEDY. Nevertheless, he was at that time, vice president of the National Publishing Co.?

Mr. VALENTE. That is correct.

Mr. KENNEDY. And the National Publishing Co. does the publishing or printing for the United Textile Workers of America?

Mr. VALENTE. That is right.

Mr. KENNEDY. Now, who else did you borrow money from?

Mr. VALENTE. I borrowed \$5,000 from Morris Hilleary.

Mr. KENNEDY. Who is he?

Mr. VALENTE. He was a personal friend that I had known for a period of years, and at the time he was running a restaurant in Alexandria, Va.

Mr. KENNEDY. Who else did you borrow from?

Mr. VALENTE. I borrowed \$7,500 from the Philadelphia National Bank through the assistance of a man by the name of Ed Buczkowski, personnel director of Keasbey & Mattison.

Mr. KENNEDY. Would you spell that?

Mr. VALENTE. I am a very poor speller.

Mr. KENNEDY. Could Mr. Calabrese spell it for you?

Mr. CALABRESE. B-u-c-z-k-o-w-s-k-i.

Mr. VALENTE. That is correct.

Mr. KENNEDY. What company is he with?

Mr. VALENTE. At the time—and I don't know what his title is now—He was personnel director for Keasbey & Mattison.

Mr. KENNEDY. Where is that?

Mr. VALENTE. Ambler, Pa.

Mr. KENNEDY. Does the United Textile Workers of America have any contracts with that company?

Mr. VALENTE. Yes, sir.

Mr. KENNEDY. You are the bargaining agent for the employees of that company?

Mr. VALENTE. We have been for a number of years.

Mr. KENNEDY. And you were at the time this loan was made?

Mr. VALENTE. That is correct.

Mr. KENNEDY. That was for \$7,500, is that right?

Mr. VALENTE. That is correct.

Mr. KENNEDY. Now, that makes a total of \$17,500.

Did you borrow any other money?

Mr. VALENTE. Yes. I obligated myself for half of the loan that we repaid back to the Riggs National Bank—I think that is the cor-

rect name—Riggs here in Washington. I obligated myself for half of that, which was \$15,000.

The CHAIRMAN. It was \$15,000 as the half?

Mr. VALENTE. My half was \$15,000.

Mr. KENNEDY. When you went to Buczkowski, did you tell him, or what reason did you give him that you wanted to borrow the money?

Mr. VALENTE. I gave him—this is 5 years ago, and I would have to search my memory; it was a telephone conversation—and I told him that I needed money, and I mentioned that we were in an organizational drive, and I wanted to borrow money, and I asked him if he knew of any bank that would lend me money.

Mr. KENNEDY. What did you tell him that you wanted to borrow the money for?

Mr. VALENTE. I told him that I needed the money personally, and that the organization was in an organizational drive, and because of the strain and stress in the organization, they wouldn't have the money perhaps to meet the payroll and pay me wages, and I would be on half-wages and I wanted to be prepared on any additional money.

Mr. KENNEDY. You didn't tell him that the money was for the union?

Mr. VALENTE. I don't recall that I did. I may have mentioned that the organization was also trying to borrow money at the time.

Mr. KENNEDY. You didn't tell him that this was a loan for the union?

Mr. VALENTE. I don't recollect that I did.

Mr. KENNEDY. Do you think that you might have told him that, that it was a loan for the union?

Mr. VALENTE. I don't think so, because I believe as I recall, Mr. Kennedy, that I told him specifically at the time that I would be personally obligated for it, and that I intended to pay it myself, and I did a year later.

Mr. KENNEDY. You didn't tell him that the \$5,000 loan or the \$7,500 loan that you needed was for the union, and not for yourself?

Mr. VALENTE. I don't recall that I did. I don't know why I should, because I was going to be personally obligated for it.

Senator CURTIS. What was the conversation about an organizational drive, and why was that injected in there if it was not to convey the idea that it was for the benefit of the union, even though you might be the maker of the note?

Mr. VALENTE. The reason why I mentioned the organizational drive, Senator, may have been because we did have an organizational drive, and if I did mention it I don't recall whether I did. I may have. It was because of the fact that I wanted to impress him that because of the organizational drive, the organization may not be in a position to meet the payroll and pay my wages, so I wanted to be prepared.

If I mentioned it at all, and my memory is quite vague, and this is 5 years ago, and it was a telephone conversation.

Senator IVES. All of these personal loans have now been paid over by you?

Mr. VALENTE. Yes, sir.

Senator IVES. All of them?

Mr. VALENTE. Yes, sir. That particular loan was paid off in exactly 1 year, and it was paid by me personally, and I paid interest on it,

and I think it was 4½ or 5 percent and it was a bank transaction, and I paid it off.

Senator MUNDT. What was the loan at the Riggs National Bank? It was \$30,000, and you obligated yourself for half of it?

Mr. VALENTE. That is correct.

Senator MUNDT. You and Mr. Klenert made it together, with a joint signature, or how was that done?

Mr. VALENTE. There were some second trusts used, and my house, and Mr. Klenert's house were put up as security, as a second trust.

Senator MUNDT. That was a mortgage loan that you made?

Mr. VALENTE. It was a second trust, or second mortgage, whatever they call it.

Senator IVES. You have done pretty well. As nearly as I can figure out, you had \$32,500 that you borrowed yourself or had to pay off yourself. How many years have you been doing it, 5 years?

Mr. VALENTE. That is correct, sir. But don't lose sight of the fact that I didn't need that much money. I stated that before. I didn't need that much money—

(The witness conferred with his counsel.)

Mr. VALENTE. I am sorry?

Mr. McINERNEY. I don't think he understood your question.

Senator IVES. He had \$32,500 that he paid off in 5 years' time, as nearly as I can figure out from the statement, and he has had an income of \$15,000 a year.

Is that your salary?

Mr. VALENTE. My salary has been \$15,000 since last year.

Senator IVES. Have you had any other income than that?

Mr. VALENTE. No, sir.

Senator IVES. You have done all right to pay off that much in that period of time with that salary.

Mr. VALENTE. I think you miss the point, Senator. I didn't use all of that money that I borrowed. In fact, I stated that I was over-borrowed, and I took everything that came along at the time. Some of that money that was borrowed was actually paid back.

Senator IVES. I see.

Mr. KENNEDY. In this connection, this loan from Buczkowski, we have an affidavit from him, Mr. Chairman.

The CHAIRMAN. The Chair will read this affidavit and ascertain whether you wish to make any comment on it or correct any statement made in it. It is made under oath.

I, Edward Buczkowski, made the following true and voluntary statement to Alphonse F. Calabrese who has identified himself to me as an investigator with the Senate Select Committee on Improper Activities in the Labor or Management Field.

I make this voluntary statement in the presence of my attorney, Mr. Joseph S. Kleinbard. I have been told that this statement is to be used and read into the record as sworn testimony in the hearings before this Senate Select Committee on Improper Activities in the Labor or Management Field.

I am a resident of Ambler, Pa., and am employed as director in charge of manufacturing at the Keasbey & Mattison Co., manufacturers of asbestos products at Ambler, Pa. The plants in Ambler, Pa., are covered by a contract with the United Textile Workers of America, and approximately 800 to 900 hourly workers are members of Local 2409, UTWA.

I have known Anthony Valente, president of the UTWA, for a number of years through business dealings with the union. In August 1952 (the exact date I do not recall) I received a telephone call from Anthony Valente, at which time he requested a loan from the company of somewhere between \$5,000 and \$10,000.

Mr. Valente advised that the reason the union needed this loan was because of a momentary financial shortage as a result of the union's membership drive which they were conducting during this period in the South, and in the Philadelphia area.

I told Mr. Valente that his request would be considered, and that I would call him back. I then took up the matter with the then president, Mr. Ernest Muehleck, Mr. D. W. Widmayer, vice president in charge of sales, and Mr. W. L. Spielberger, director of finance. As a result of this discussion, it was agreed that the company would not make a direct loan to the union but, if he were interested, we would arrange for a loan through a bank and he would be obligated to complete the transaction with the bank and make payments at the bank at their customary rates of interest. In other words, Anthony Valente was to sign for the loan and the company would be the guarantor of the loan. It was also decided at this time that the amount of the loan which the company would guarantee was \$7,500, and that the money would be obtained through the Philadelphia National Bank, which is the bank used by the company.

I telephonically advised Mr. Valente of this and he agreed to these arrangements.

The actual financial arrangements for the loan to Mr. Valente were made by Mr. W. L. Spielberger, director of finance. I have been advised by Mr. Spielberger that Anthony Valente received the loan of \$7,500 from the Philadelphia National Bank on August 20, 1952, and that Mr. Valente repaid the loan pursuant to the loan agreement.

Mr. Valente made it very clear in this original telephone request that he had nothing to offer the company, and that, if we refused the loan, it would not in any way jeopardize our relations. We were offered nothing, we expected nothing, and we received nothing, and I would say about the only reason for the loan was a gesture of good will.

EDWARD BUCZKOWSKI.

It is witnessed by three different persons, and sworn to by a notary public.

The exact and true copy of the affidavit may be printed in the record at this point.

(Affidavit referred to appears above.)

Mr. KENNEDY. Mr. Chairman, in this connection, we have another letter that we obtained from the bank in connection with the subpoena that I would like to have offered.

Mr. Calabrese can offer it.

The CHAIRMAN. Mr. Witness, is there anything in that affidavit that you care to comment on?

Mr. VALENTE. First let me say, Senator, that I may differ with his recollection and my recollection because, as I said before, this is 5 years ago.

I knew at the time that it was a personal obligation as far I am concerned. I did sign for it, I did repay it myself.

Secondly, I did not know at the time that the company was going to endorse or guarantee the loan. In fact, when I received the check and the note for me to sign, it is my recollection that there was no endorsement on the note.

I know that you are not creating this inference, but I am afraid that it may be inferred, that this company or the members of our union may have suffered because of this so-called goodwill that the company mentions. I want the record to show that since 1952 there has been somewhere in the vicinity of between a 30 and 40 cents an hour increase in wages for these workers; that the average wage is \$2.07 per hour, at present; the average wage in textiles at the present time is \$1.51 per hour; and the average wage in manufacturing, I believe, is around \$2.01 an hour. Here, it is \$2.07 per hour.

(At this point, Senator Ives withdrew from the hearing room.)

Senator MUNDT. The average wage in textiles?

Mr. VALENTE. In textiles. It is \$1.51 an hour. The average wage in manufacturing is \$2.01 per hour. The average wage in this plant is \$2.07 per hour.

The CHAIRMAN. Let me ask you this question: Did you get the loan from Buczkowski's company?

Mr. VALENTE. No, sir.

The CHAIRMAN. You got it from a bank?

Mr. VALENTE. That is correct, sir.

The CHAIRMAN. You probably never saw the letter which I hold in my hand, the photostatic copy of it. I will have it placed in the record by someone else.

TESTIMONY OF ALPHONSE F. CALABRESE—Resumed

(Members present at this point in the proceedings: Senators McClellan, Mundt, and Curtis.)

The CHAIRMAN. Mr. Calabrese, have you been previously sworn?

Mr. CALABRESE. Yes, I have, sir.

The CHAIRMAN. I hand you a photostatic copy of a letter and ask you to identify it and state where you procured it.

Mr. CALABRESE. This is a letter obtained from the files of the Philadelphia National Bank in connection with the loan made to Mr. Anthony Valente, obtained as a result of a subpoena of this committee asking for these records.

The CHAIRMAN. The Chair will read the letter into the record.

This is a photostatic copy of a letter on Keasbey & Mattison Co. stationery, Ambler, Pa., August 20, 1952:

STRICTLY PRIVATE AND CONFIDENTIAL

Mr. RALPH D. WITHINGTON,

*Vice President, The Philadelphia National Bank,
Philadelphia, Pa.*

DEAR RALPH: We have been approached by Anthony Valente, president of the United Textile Workers of America to assist the union financially to the extent of a loan in the amount of \$7,500.

The company has agreed to endorse Mr. Valente's personal note in that amount which he would like to have run for 1 year and which he agrees to amortize at the rate of one-twelfth (1/12th) each month.

Will you please, therefore, draw your check in the amount of \$7,500 to the order of Anthony Valente and prepare a note for his signature, which we will secure—

and then there is a pencil note—

endorse—In the meanwhile, charge our account until the signed note is returned to your possession, signed by Mr. Valente and endorsed by ourselves. Mr. Valente is president of the United Textile Workers of America (A. F. of L.) 306 Machinists Building, 818 13th Street, N. W., Washington, D. C.

Your assistance in this matter will be greatly appreciated.

Sincerely,

KEASBEY & MATTISON Co.,
W. L. SPIELBERGER,

Director.

The CHAIRMAN. This may be printed in the record.

TESTIMONY OF ANTHONY F. VALENTE, ACCOMPANIED BY HIS
COUNSEL, J. M. McINERNEY—Resumed

(Members present at this point in the proceedings: Senators McClellan, Mundt, and Curtis.)

Mr. KENNEDY. You were also talking about a loan that you received through the Riggs National Bank, were you not?

Mr. VALENTE. That is correct. I obligated myself for half of that loan.

Mr. KENNEDY. How much of that loan for?

Mr. VALENTE. I believe the face value of the loan was \$30,000. My share of the obligation would be half, or \$15,000.

Mr. KENNEDY. You received that loan from the Riggs National Bank?

Mr. VALENTE. No. In fact, I wasn't present when the loan was negotiated. I said, I believe, that it was paid back, that they were the collecting agency, the Riggs National Bank.

Mr. KENNEDY. So it wasn't borrowed from the Riggs National Bank?

Mr. VALENTE. No. I understood that the money came from other sources.

Mr. KENNEDY. Where did that money come from?

Mr. VALENTE. Well, I understood—I didn't find this out, who the people were, until several weeks ago. The people that put up the money weren't known to me at that time. All I knew was that Mr. Quigley was able to get these people to put up the money and then the Riggs National Bank was the collector.

Mr. KENNEDY. Who were the people?

Mr. VALENTE. I found out several weeks ago that there was a Mr. Fisher involved.

Mr. KENNEDY. Mr. Fisher?

Mr. VALENTE. I am a little vague on these names. I understand a Mr. Fisher and a Mr. Yudelevit.

Mr. KENNEDY. Yudelevit?

Mr. VALENTE. And others. Those are the only two names that stuck in my mind.

Mr. KENNEDY. What about Rosenblatt?

Mr. VALENTE. Yes, I saw that name, too.

Mr. KENNEDY. Wasn't the loan for \$33,300?

Mr. VALENTE. I believe that included the interest or discount, or premium, whatever you call it. I don't know what the exact term is.

Mr. KENNEDY. I don't understand why you would not know more about your finances during this period.

Mr. VALENTE. Well, I was there the day that the money was received. I knew that I was obligating myself. I knew that the money was there. I knew that Mr. Quigley had arranged to have it there. I didn't concern myself so much with the people who had put up the money. I knew I had to pay the Riggs National Bank half of that note.

Mr. KENNEDY. You borrowed \$36,000, did you not, rather than \$30,000?

Mr. VALENTE. I don't recall that we did. I think that was the interest and premium that we paid on the note.

Mr. KENNEDY. The note was for \$36,000 and all you received was \$33,300.

Mr. VALENTE. Perhaps you are right.

Mr. KENNEDY. If you had all this money around the house or available, why did you make such an arrangement as that?

Mr. VALENTE. We didn't have all that money around the house or available.

Mr. KENNEDY. You only needed \$10,000 for your house, to pay for your house. You already borrowed \$17,500.

Mr. VALENTE. I believe I have testified, Mr. Kennedy, that when we settled on my house, I only needed \$10,000 at that time.

Mr. KENNEDY. Then why did you borrow first this \$17,500 from these various sources?

You understood this person from whom you borrowed was a note shaver, did you?

Mr. VALENTE. No, I didn't understand anything about that.

Mr. KENNEDY. You didn't understand anything about that?

Mr. VALENTE. No.

Mr. KENNEDY. Where did you understand they were going to get the money?

Mr. VALENTE. I don't know where they got the money. I know they put up the money, at Mr. Quigley's behest, and I obligated myself for half of that.

Senator MUNDT. Did you go to Mr. Quigley to have him make the arrangements or did you go to the bank?

Mr. VALENTE. The arrangements were made by Mr. Quigley.

Senator MUNDT. You and Mr. Klenert went to Mr. Quigley and asked him to set up this arrangement of a second mortgage?

Mr. VALENTE. That is right.

Senator MUNDT. After you had interceded with Mr. Quigley, the next you learned about it was that the money was available and you had to sign the papers at the bank?

Mr. VALENTE. We signed the papers in Mr. Quigley's office.

Senator MUNDT. And you went down to the bank to get the money?

Mr. VALENTE. Who the individuals were that put up the money, I didn't know at the time, Senator.

Mr. KENNEDY. The money did not come from the bank. All the bank did in it was to collect the money.

Mr. VALENTE. That is correct. That is my understanding.

Mr. KENNEDY. Did you understand what business these people were in who were putting up the money for you?

Mr. VALENTE. I didn't know any of them, sir.

Mr. KENNEDY. Did you ever hear of the term "note shaver"?

Mr. VALENTE. I have heard the term "note broker" around Washington. I don't know what a note shaver is. I haven't heard the term.

Mr. KENNEDY. You didn't feel that it was necessary during that period of time that you were so interested in raising money, that you would have to go to a note shaver? You didn't have any discussions like that?

Mr. VALENTE. No. We had no such discussion. We were interested in borrowing money. We borrowed as much as would come along, when we finally did.

Mr. KENNEDY. All during this period of August, after you had seen Mr. George Meany, is that right?

Mr. VALENTE. Well, I don't know. I don't want to fix a date. I don't know whether it was after we saw George Meany or before we saw George Meany, but it was in that period.

The CHAIRMAN. The real question is after you had presented to Mr. Meany this financial report, was when you undertook to borrow money?

Mr. VALENTE. I believe it was after, sir.

The CHAIRMAN. In other words, if you had gotten the money from Mr. Meany, it would not have been necessary for you to go around to all these places?

Mr. VALENTE. No, I wouldn't say that, sir. The money we asked Mr. Meany to endorse was strictly for organizational purposes.

The CHAIRMAN. You would still have to borrow for your personal purposes?

Mr. VALENTE. We would have to borrow to clear up the transaction.

Senator MUNDT. I do not believe the witness answered the question of the counsel as to why they wanted so much more money than the \$10,000 actually involved for the house. I am curious as to that, too.

Mr. VALENTE. Why?

Senator MUNDT. Yes.

Mr. VALENTE. As I said before, we anticipated a period, a long period—and I have had a lot of experiences since I have been with the United Textile Workers, of America, similar experiences—where we wouldn't be able to meet the payroll. I wanted to borrow as much as I could for any such eventuality.

Senator MUNDT. You mean you were going to borrow the money and meet the payroll with your personal funds, or was this going to protect you because your salary would not be forthcoming?

Mr. VALENTE. To take care of myself, as necessary, and, as I had done on previous occasions, help some of the other boys.

Senator MUNDT. How much was the annual payroll that you had to meet?

Mr. VALENTE. I would have to check the figures.

Senator MUNDT. Roughly. \$10,000? \$20,000? \$50,000? How much?

Mr. VALENTE. I would say our normal payroll, and I am guessing—I hate to venture a guess.

Senator MUNDT. I am not trying to hold you, but I am trying to get to the general area that is ascertainable.

Mr. VALENTE. That would depend on the number of men that would be on the staff at any given period. I would hesitate to venture a guess because I might be so inaccurate that it would not look correct, anywhere near correct.

I don't handle the payroll myself directly, so I would hate to venture, and I wouldn't want to.

Mr. KENNEDY. Let me ask you: Did you borrow or did you find any other money around during this period of time?

Mr. VALENTE. Find?

Mr. KENNEDY. Yes.

Mr. VALENTE. I didn't find money. I wish I had.

Mr. KENNEDY. You didn't find any money at all?

Mr. VALENTE. No.

Mr. KENNEDY. You didn't find that your family or anybody had been hiding money from you?

Mr. VALENTE. No, sir. I had some of my own money, if that is what you mean. I didn't find any. I had some of my own money.

Mr. KENNEDY. Did you have that money in the bank?

Mr. VALENTE. Well, as I told the investigator, I gave him my reasons. I had some money. Between my wife and I we had some money and we had it in cash.

Mr. KENNEDY. How much was that?

Mr. VALENTE. \$10,000.

Mr. KENNEDY. You have had \$10,000 in cash?

Mr. VALENTE. Yes. And I gave my reasons to the investigator. I don't know that it is going to add to this proceedings to go into personalities, but if you want it, I will give it to you.

Mr. KENNEDY. I didn't ask you for your reasons. You had \$10,000 in cash?

Mr. VALENTE. Yes; and I had a reason for it.

Mr. KENNEDY. And you had it at home?

Mr. VALENTE. Either in my pocket, my wife's pocket, in various places.

Mr. KENNEDY. You moved it from one place to another?

Mr. VALENTE. Sometimes I carried it, sometimes my wife carried it, sometimes we had it in the house.

Mr. KENNEDY. All \$10,000 of it?

Mr. VALENTE. Sometimes it would be less than \$10,000. When I would get my pay, it would go up to \$10,000, around that figure. Roughly. It may not have been exactly \$10,000 at all periods.

Mr. KENNEDY. This is money you had been saving; is it?

Mr. VALENTE. That is right; over a period of years.

Mr. KENNEDY. And you kept that at home; is that right?

Mr. VALENTE. At one time it had been in the bank, and at one time it came out of the bank for personal reasons.

Mr. KENNEDY. When did you withdraw it from the bank?

Mr. VALENTE. Sometime in 1951.

Mr. KENNEDY. Did you withdraw all \$10,000 of that?

Mr. VALENTE. Yes. I withdrew all the money I had in the bank.

Mr. KENNEDY. How much did that amount to?

Mr. VALENTE. Roughly around \$10,000. At one time it was higher than that, because I borrowed money on the car, put a lien on the car.

Mr. KENNEDY. And you kept all that money at home after that?

Mr. VALENTE. Either at home or in pockets.

Mr. KENNEDY. Either at home or in pockets?

Mr. VALENTE. Some of that, of course, was my wife's money. We were married shortly after that. Some of that was my wife's savings. Senator MUNDT. You got \$17,000, plus the \$10,000?

Mr. KENNEDY. He got \$17,500, plus \$16,650, which is half of \$33,300, plus \$10,000 in cash.

Mr. VALENTE. The \$10,000 was my own.

Senator MUNDT. So you actually had at this time about \$43,000, roughly?

Mr. VALENTE. Roughly I would say so. At one time.

Senator MUNDT. There must be some other reason you wanted the \$43,000 other than the fact you thought maybe the union could not pay your salary check for a month, because this would take care of your salary for almost 3 years.

Mr. VALENTE. Some of it, of course, was to pay back part of the \$57,000 to the Mutual Trust Co.

Senator MUNDT. How much did you owe at that time?

Mr. VALENTE. Well, at that time, my share of the obligation was \$24,500.

Senator MUNDT. And you were paying that back because the committee had decided the money was to go back into the union funds?

Mr. VALENTE. We had decided that the device or the layaway no longer was necessary. We knew that the organization needed money, and we were trying to borrow money, and because of the vicious rumors that were going around.

Senator MUNDT. Was there any connection between your paying this money back and your conferences and negotiations with Mr. Meany?

Mr. VALENTE. No. We had decided to put the money back sometime before the so-called exposure of Mr. Meany.

Senator MUNDT. Did you hear Mr. Meany's testimony?

Mr. VALENTE. Yes, I did, sir.

Senator MUNDT. Did you hear him describe your initial report to him as a phony?

Mr. VALENTE. Well, it may have been phony—that is his choice of language. But it wasn't phony or false as far as the members of our executive council were concerned. We did it that way for a specific purpose.

Senator MUNDT. It was phony in that the money you had shown in that account as being spent for organizational expenses was not spent for organization purposes, was it not?

Mr. VALENTE. That was done strictly on the instructions of the board to show it that way.

Senator MUNDT. But from the standpoint of Meany, Senator McClellan or Mr. McInerney there, anybody looking at it from the outside, would think it was a phony because it was not what it was alleged to be.

Mr. VALENTE. It could have been from anyone on the outside, but it was not—

Senator MUNDT. I am not talking about what you are thinking of, but Mr. Meany would certainly be justified, and your counsel would be, or our counsel, in feeling that it was a phony report in that it does not show on its face what it purports to be to the man who reads it.

Mr. VALENTE. From his viewpoints, Senator, that is right.

Mr. KENNEDY. You also filed false affidavits with your auditor, did you not?

Mr. VALENTE. For the same purpose.

Mr. KENNEDY. They were also false?

Mr. VALENTE. I wouldn't say they were false. Maybe they were misleading for him, but for our purpose, and to the members of our executive council, we didn't consider it false.

Mr. KENNEDY. But they were false as far as he was concerned?

Mr. VALENTE. From his point of view, perhaps.

Mr. KENNEDY. And the affidavits were submitted to him and not to your executive council, is that right?

Mr. VALENTE. He asked for an affidavit.

Mr. KENNEDY. It was submitted to him?

Mr. VALENTE. I think he received some kind of an affidavit. I don't recall what kind of an affidavit it was. I don't recall the exact details surrounding it. We gave him some kind of an affidavit.

Mr. KENNEDY. You submitted an affidavit on the fact that the \$57,000 had, in fact, been used for organizational purposes.

Mr. VALENTE. We may have done that.

Mr. KENNEDY. I have a copy here.

Mr. VALENTE. I would like to look at it, if I may.

The CHAIRMAN. The Chair presents to you a photostatic copy of the affidavit which, it has been testified under oath, you signed. It is exhibit 36 in the record.

You may examine it and state whether you admit or deny that it is a photostatic copy of the affidavit that you signed and which was testified to.

(Document handed to witness.)

(The witness conferred with his counsel.)

Mr. VALENTE. This affidavit, Mr. Kennedy, has no signatures. It is 5 years ago. I may have signed it and I may have not signed it. I don't recall whether I did or not.

The CHAIRMAN. The original was returned to you, was it not?

Mr. VALENTE. If it was signed, it would have been returned to us, I presume. I don't recall it.

The CHAIRMAN. As I understand it, as I recall the testimony, it was that you requested it back and it was returned to you, the original.

Mr. VALENTE. Well, this wouldn't indicate—the original wouldn't indicate whether it was signed or returned to us.

The CHAIRMAN. I am not asking you what that indicates. Tell me whether you did sign an affidavit.

Mr. VALENTE. I couldn't say for sure whether I did or didn't Senator, right now. I don't recall. I may have and I may have not.

The CHAIRMAN. Your auditor testified that you did.

Mr. VALENTE. I think the auditor is an honorable man, and I think if his recollection is that I signed it——

The CHAIRMAN. He testified that the document that you have in your hand is a photostatic copy or a photostatic copy of a carbon copy which he kept in his files.

Mr. VALENTE. If he has testified that I signed it, and I say he is an honorable man, most likely I did. But from my recollection now, I don't know whether I did or did not sign it.

Mr. KENNEDY. I thought you just said in answer to a question I asked you earlier that you did submit an affidavit and the affidavit was false as far as the auditor was concerned.

Are you changing that?

Mr. VALENTE. No, I am not, Mr. Kennedy. I heard the discussion, I heard the testimony of Mr. Jansson, about an affidavit being signed.

Mr. KENNEDY. You testified yourself that you submitted an affidavit, in answer to my question. You said that you submitted an affidavit. Is that true or not?

Mr. VALENTE. It may have been, yes.

Mr. KENNEDY. Don't you know that you submitted an affidavit?

Mr. VALENTE. I can't be sure. I say most likely yes, but I would—

Mr. KENNEDY. Mr. Valente, you know that you submitted an affidavit, do you not?

Mr. VALENTE. I know now, because there has been testimony to that effect.

Mr. KENNEDY. Wasn't that affidavit false as far as the auditor was concerned?

Mr. VALENTE. If I signed this affidavit, and I may have and I may have not, as far as Mr. Jansson is concerned, this information differs from the information known by the members of our executive council.

Mr. KENNEDY. I am not asking you that. The affidavit that you submitted, wasn't the affidavit false as far as Mr. Jansson was concerned?

Mr. VALENTE. It differed. Let me put it this way. It differed.

Mr. KENNEDY. It differed from the facts?

Mr. VALENTE. Differed from the facts as existed and we knew.

Mr. KENNEDY. Thank you.

The CHAIRMAN. This may help you remember. Was Vera Calavisi working for the United Textile Workers of America on August 29, 1952?

Mr. VALENTE. She may have been. We had a number of girls in our office.

What is the name again?

The CHAIRMAN. Vera Calavisi.

Mr. VALENTE. Most likely she was. I recall hearing the name before.

The CHAIRMAN. We have here a photostatic copy of a receipt she signed, which has been made exhibit 37, stating that the original copy of the affidavit for the United Textile Workers of America was picked up by one of the employees of the United Textile Workers of America on August 29, 1952. Would you say that is correct?

Mr. VALENTE. May I see it, please?

The CHAIRMAN. Yes.

(A document was handed to the witness.)

The CHAIRMAN. If it was picked up to be returned to the United Textile Workers, then I would want to know if you gave instructions that it be picked up.

(At this point, Senator Mundt withdrew from the hearing room.)

(Members of the select committee present at this point: Senators McClellan and Curtis.)

(The witness conferred with his counsel.)

Mr. VALENTE. I remember the girl, Senator. I do not remember giving her any such instructions. I remember the girl in particular now. I think she was the switchboard operator and I do not recall giving her any such instructions.

In fact, I don't think I ever gave any instructions to this girl.

The CHAIRMAN. It is unlikely that a girl who was a switchboard operator would go over there and pick up those papers without some instructions from some official.

Mr. VALENTE. It is unlikely that she would, but I don't recall giving her such instructions myself.

The CHAIRMAN. It is unlikely that your auditor would release an affidavit to her that he had procured without some instructions from those who gave the affidavit. Is that not true?

Mr. VALENTE. I don't dispute that this girl must have followed some instructions. However, the instructions I don't recall coming from me.

Mr. KENNEDY. Mr. Valente, in addition to the \$57,000 during this period of time, there were also checks to cash, also charged to organizational expenses, of an amount of \$17,500. I asked Mr. Klenert about some of these organizational expenses and he explained about the fact that he had spent some money up with Jacques in Canada, that some \$7,500 had gone to Jacques in Canada.

Did he tell you about Jacques in this period of time?

Mr. VALENTE. He gave a complete report.

Mr. KENNEDY. Just answer the question. Did he tell you about Jacques?

Mr. VALENTE. He gave a complete report on the Canadian situation, when the situation had crystallized and cleared up.

Mr. KENNEDY. Did he tell you about Jacques?

Mr. VALENTE. He told me about the money that was expended and how it was expended and who he gave it to.

Mr. KENNEDY. Just answer the question. Did he tell you about Jacques?

Mr. VALENTE. At the time?

Mr. KENNEDY. Yes.

Mr. VALENTE. I believe I recall the name, yes.

Mr. KENNEDY. He told you about Jacques?

Mr. VALENTE. Only I didn't pronounce it Jacques. My recollection is that it was "Jakes."

Mr. KENNEDY. He told you about Jakes?

Mr. VALENTE. That was the name that I recall. It may have been Jacques. The question of pronunciation.

Mr. KENNEDY. Did he tell you at that time that he had given some \$6,500 to Jakes?

Mr. VALENTE. Yes, I recall at the time that he reported that he had given certain amounts of money to an individual for certain purposes.

Mr. KENNEDY. This is to Jakes? Did he tell you that he gave \$6,500 to Jakes?

Mr. VALENTE. I don't recall the exact amount, but I know he had given X number of thousand of dollars to someone in Canada by the name of Jakes for that particular phase of our organizational problems.

Mr. KENNEDY. You remember that at that period?

Mr. VALENTE. That is right, because I have a very good memory of that occasion because it was quite an historical occasion in our organization, cleaning out the Communists.

Mr. KENNEDY. I think it was \$7,500 rather than \$6,500.

Mr. VALENTE. If that is the figure, it must be correct.

Mr. KENNEDY. Then on June 4, there was a check to cash of \$1,000 for Lewiston, Maine. Did you have anything to do with that?

Mr. VALENTE. During that period, without looking back there to the records——

Mr. KENNEDY. We cannot do that, can we?

Mr. VALENTE. I mean your figures there.

Mr. KENNEDY. Do you have the records?

Mr. VALENTE. For that particular month?

Mr. KENNEDY. Yes.

Mr. VALENTE. No. When I speak of the record, I am speaking of what you are reading from now.

Mr. KENNEDY. It is June 4, cash, expenses, Lewiston, Maine, \$1,000.

Mr. VALENTE. I was going to say in that period of time I personally expended a number of dollars in cash in various parts of the country.

Mr. KENNEDY. Who did you give the \$1,000 in Lewiston, Maine, to?

Mr. VALENTE. To people.

Mr. KENNEDY. To whom?

Mr. VALENTE. At this date I can't recall names, Mr. Kennedy. I started to say at that time I met many new people that were coming over.

Mr. KENNEDY. Can you name one person that you gave any of this money to?

Mr. VALENTE. No, I couldn't.

Mr. KENNEDY. Then there is another \$1,000 on the same date, organizing expenses, salary, South.

Who did you give that particular \$1,000 to?

Mr. VALENTE. If that is this particular \$1,000 that I gave out, I gave it to new people in the South that I met and perhaps never met again. They were an important part of the machinery to turn over local unions, ex-CIO Textile Workers of America.

Mr. KENNEDY. Can you name one person that you gave that money to?

Mr. VALENTE. At this date, I cannot.

Mr. KENNEDY. The same date, \$1,000, organizing expenses, Mid-Atlantic States, can you name one person there?

Mr. VALENTE. I cannot.

Mr. KENNEDY. The same date, June 4, \$1,000, organizing expenses, Massachusetts.

Mr. VALENTE. If that was the \$1,000 used by me——

Mr. KENNEDY. These are the only records available. Who did you give it to in Massachusetts?

Mr. VALENTE. I can't recall at this date.

Mr. KENNEDY. Did you go to Massachusetts?

Mr. VALENTE. I must have.

Mr. KENNEDY. Did you go there and stay there?

Mr. VALENTE. Yes.

Mr. KENNEDY. Where did you stay when you went there on June 4 when you went there and gave the \$1,000 to someone?

Mr. VALENTE. I would have to check my records. I could not say where I stayed on June 4 or 5 or 7.

Mr. KENNEDY. Do you know anybody that you gave this money to?

Mr. VALENTE. No specifically, no.

Mr. KENNEDY. Cash, June 4, organizing expenses, Midwest. What did you do with that? Do you know who you gave that \$1,000 to?

Mr. VALENTE. I believe I gave it to people in the Midwest locals.

Mr. KENNEDY. Who did you give it to?

Mr. VALENTE. I can't tell you.

Mr. KENNEDY. You gave \$1,000, Lewiston, Maine, and \$1,000 in the South, all on the same date, all to cash and your auditor said there were no vouchers for any of these amounts, \$1,000 in Lewiston, Maine, \$1,000 in the South, \$1,000 in MidAtlantic States, \$1,000 in Massachusetts, and \$1,000 in the Midwest States.

You cannot name anyone that received any of that?

Mr. VALENTE. All on the same date?

Mr. KENNEDY. June 4.

Mr. VALENTE. Can I see that?

Mr. KENNEDY. There is one other. June 17, Pennsylvania, \$1,000. Do you know who got that in Pennsylvania?

Mr. VALENTE. Not specifically.

Mr. KENNEDY. Can you name anybody that got that \$1,000?

Mr. VALENTE. No.

The CHAIRMAN. The Chairman presents to you exhibit 24 about which counsel has been interrogating you.

(A document was handed to the witness.)

Mr. KENNEDY. Mr. Chairman, this is part of the auditor's report.

The CHAIRMAN. The Chair will announce that the record you are looking at there was part of the auditor's report.

Mr. KENNEDY. It was the supplement submitted by Mr. Jansson, the auditor, Mr. Chairman. These were items that he questioned.

Mr. VALENTE. I want to say that they may show it on here on the same dates, but I believe the time that it was actually used or handed out may have been at different dates, Mr. Kennedy.

Mr. KENNEDY. But you still do not know anybody that received that money?

Mr. VALENTE. No; as I said before, in that period, we were trying to get new groups or new individuals to work for us and bring over local unions formerly parts of the CIO textile union to our union and the cash money was expended for that purpose. I used some of that money for that purpose, to hand out to people.

Mr. KENNEDY. You did all of this handing out personally; is that right?

Mr. VALENTE. Whatever portion of that that I used, I did myself, personally.

(At this point, Senator Goldwater entered the hearing room.)

Mr. KENNEDY. Who else received that money?

Mr. VALENTE. There are other items on there.

Mr. KENNEDY. I am asking you just about the ones for you.

Mr. VALENTE. I used that money for that purpose.

Mr. KENNEDY. You handed it out personally? That means you went to the Midwest, you went to the South, you went to Lewiston, Maine, you went to Massachusetts?

I am not saying you did it all on the same day.

Mr. VALENTE. As I recall on the Midwest group, I think there was someone in my office. I did that in Washington.

Mr. KENNEDY. Who was in your office?

Mr. VALENTE. There was a group of people that came from the Midwest. Specifically, I can't recall.

Mr. KENNEDY. Can you name anybody that got any of this money?

Mr. VALENTE. No, sir. They were people that I met for the first time, ex-CIO people that I met for the first time and perhaps never met them again.

Senator CURTIS. Were these checks drawn to replace money that had already been handed out, as you say, or were the checks drawn and the money handed out afterward?

Mr. VALENTE. It could have been handed out before and then drawn out or it could have been drawn out and paid out afterward within an area of maybe a week or 2 weeks or 3 weeks, Senator.

Senator CURTIS. How much money would you give to any one individual?

Mr. VALENTE. Well, it would be for situations or a group of individuals.

Senator CURTIS. How much money would you give?

Mr. VALENTE. I think those items there were \$1,000 apiece.

Senator CURTIS. That means that you gave \$1,000 to a particular individual?

Mr. VALENTE. No; not a particular individual or a group of individuals.

Senator CURTIS. How much money would you give to a single individual?

Mr. VALENTE. Well, I think the \$1,000 would be given to the group that I met with and they would distribute it further to a larger group to do special work and get local unions to vote to come over.

Senator CURTIS. What were they to do with the money?

Mr. VALENTE. They were to use it for expenses of the people inside the plant to propagandize, so that the United Textile Workers of America would win the elections, the labor board elections.

Senator CURTIS. Were there elections pending in each one of these places?

Mr. VALENTE. There were, as I recall, elections all over the country at that time.

Senator CURTIS. Political elections in 1952?

Mr. VALENTE. Not political elections. They were National Labor Relations Board elections.

Senator CURTIS. Did you ever use any of the funds in political elections?

Mr. VALENTE. I don't recall that we ever have. We were a part of the American Federation of Labor-CIO League for Political Education. That is contributed directly to them. We don't handle it.

Senator CURTIS. Would you say that you never have taken or used any money from your funds for a political election?

Mr. VALENTE. Not union funds, not directly. It comes directly from the members, voluntary contributions, to the political league.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. We had some testimony by Mr. Klenert regarding the purchase of air conditioning and some other purchases. He stated that you were able to come up with some cash during this period of time, June 16, 1952.

Could you tell the committee how much cash you had at that time; how much were you able to give to Mr. Klenert?

Mr. VALENTE. I don't recall how much I had at that particular day.

Mr. KENNEDY. That is, that you gave to Mr. Klenert.

Mr. VALENTE. I know how much I gave to Mr. Klenert. Whether it was the 16th or the day before or the day before that, either that day or the day before or 2 days before. I don't recall specifically. But I recall giving Mr. Klenert \$1,000 to pay my downpayment on the air conditioner.

Mr. KENNEDY. That was \$1,000 in cash.

Mr. VALENTE. That is right.

Mr. KENNEDY. Where did you get that?

Mr. VALENTE. That was from my cash, my own money.

Mr. KENNEDY. This was cash that you had at home?

Mr. VALENTE. That is right.

Mr. KENNEDY. This is the cash that went from pocket to pocket?

Mr. VALENTE. That is right.

Mr. KENNEDY. What other?

Mr. VALENTE. I recall Mr. Klenert asking me if I could loan him \$1,000 around that same period, and I did.

Mr. KENNEDY. And that is the \$1,000 of cash from your home, again?

Mr. VALENTE. That is from the accumulated cash that I testified previously that I had.

Mr. KENNEDY. That is \$2,000 in cash?

Mr. VALENTE. That is right.

Mr. KENNEDY. In these cities that you were organizing in handing this money out for the Midwest, what cities were involved in that?

Mr. VALENTE. I can't recall offhand without checking the records at the time.

Mr. KENNEDY. What records would you need to check?

Mr. VALENTE. Situations, consult with the people that were directly in charge of the drive, in charge of the areas.

Mr. KENNEDY. Who, for instance, would you consult with?

Mr. VALENTE. Members of the staff, perhaps.

Mr. KENNEDY. Would they know?

Mr. VALENTE. Well, I would have to pinpoint what drive actually was going on at that time or what situation was involved. That is the only way I could pinpoint it now.

Mr. KENNEDY. Can you name any of the cities in the South?

Mr. VALENTE. Well, practically the whole South was involved.

Mr. KENNEDY. Can you name any of the cities where any of this \$1,000 was spent in the South?

Mr. VALENTE. Without checking, I think the committee has my diary or has my records. I would have to check the diary. That might give me some indication.

Mr. KENNEDY. I believe you have the diary. You do not know who was in charge of Lewiston, Maine, that you paid \$1,000?

Mr. VALENTE. Again, I would have to check.

Mr. KENNEDY. Mr. Chairman, we have temporarily finished with Mr. Valente.

The CHAIRMAN. All right. You may stand aside for the present, Mr. Valente.

Mr. Klenert, come forward, please.

Mr. KENNEDY. I have one more question.

Was any of the money that I have asked you about here that is charged to expenses used to make any purchases in your own home?

Mr. VALENTE. No, sir.

Mr. KENNEDY. Did you buy any furniture?

Mr. VALENTE. Yes, sir, I did.

Mr. KENNEDY. Where did you buy it?

Mr. VALENTE. I think the only furniture we bought in that period when we moved into the new house was at P. J. Nee's.

Mr. KENNEDY. At where?

Mr. VALENTE. P. J. Nee's or P. J. Nee here in Washington.

Mr. KENNEDY. P. J. Nee's?

Mr. VALENTE. Yes.

Mr. KENNEDY. Did you put rugs in your house?

Mr. VALENTE. Yes.

Mr. KENNEDY. Where did you buy your rugs?

Mr. VALENTE. I think they were bought from the Carpet Shop.

Mr. KENNEDY. That was here in Washington?

Mr. VALENTE. That's right. Either here in Washington or some place near.

Mr. KENNEDY. How about curtains?

Mr. VALENTE. Yes, we bought our curtains.

Mr. KENNEDY. Where did you buy those curtains?

Mr. VALENTE. I would have to check with Mrs. Valente about that. I think they were bought someplace on G Street.

Mr. KENNEDY. How did you pay for these things that you purchased?

Mr. VALENTE. Either by check or cash.

Mr. KENNEDY. Did you pay for them with cash?

Mr. VALENTE. Or possibly by check.

Mr. KENNEDY. Was this cash that you were switching from pocket to pocket?

Mr. VALENTE. No, I think most of that was purchased with cash. I would have to check on the records.

Mr. KENNEDY. Do you have records?

Mr. VALENTE. You have them.

Mr. KENNEDY. Do we have the records?

Mr. VALENTE. You have my personal records or statements, from the City Bank for that period.

Mr. KENNEDY. All right, we will go into it.

The CHAIRMAN. Come forward, Mr. Klenert.

(Members present at this point: Senators McClellan, Goldwater, and Curtis.)

TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL, JAMES M. McINERNEY—Resumed

The CHAIRMAN. You have been previously sworn.

Let the record show the same counsel appears for you that appeared when you previously testified.

All right, Mr. Kennedy.

Mr. KENNEDY. I want to take you up to August 1952, Mr. Klenert, when you were paying this money back to Mutual Title Co. who, in turn, was going to return \$57,000 that was deposited to the union. Where did you raise your money in order to pay back what you owed of the \$57,000, namely \$30,000?

Mr. KLENERT. May I recapitulate here and write it out and then give it to you?

The CHAIRMAN. You may.

(The witness conferred with his counsel.)

Mr. KLENERT. Just running down here quickly off the top of my mind, Mr. Kennedy, I have \$5,000 from Paul Young.

Mr. KENNEDY. Paul Young owns a restaurant, is that right?

Mr. KLENERT. That is right.

Mr. KENNEDY. The Rumanian Inn?

Mr. KLENERT. I believe that is the name of it.

Mr. KENNEDY. Here in Washington, D. C.?

Mr. KLENERT. Yes, sir. \$5,000 to Maurice Hilleary.

Mr. KENNEDY. And we have discussed him. He is a personal friend, is that right?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. He is the same gentleman that Mr. Valente received the \$5,000 loan from?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Go ahead.

Mr. KLENERT. \$16,000 which I have identified as Riggs here, and I scribbled it out.

Mr. KENNEDY. Who is that actually from?

Mr. KLENERT. Well, I too, now, understand that Riggs here was a collection agency for the loan, and I have heard these names now of the other people who actually had put the money up.

Mr. KENNEDY. You understood that the money was going to be put up by individuals at that time, did you not?

Mr. KLENERT. I understood that—actually, at that time, Mr. Kennedy, I must confess I had no clear understanding as to who actually put the money up.

Mr. KENNEDY. Well, we will get into that.

Mr. KLENERT. The amount that I put down now——

Mr. KENNEDY. That was Yudelevit, Fisher, and Rosenblatt, is that right, that group, and Quigley?

Mr. KLENERT. It is my understanding now, yes, sir.

I put that down at \$16,000.

Mr. KENNEDY. You don't know how much you received on that?

Mr. KLENERT. Well, I have been sitting in the back of the room, sir, and I heard the figure of \$33,000, and I recall that half of it was used by myself, assumed by myself, so I put down \$16,000.

Mr. KENNEDY. O. K.

Mr. KLENERT. I received \$5,000 from Mr. Shomo.

Mr. KENNEDY. Of the National Publishing Co?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. Was that a National Publishing Co. check, do you know?

Mr. KLENERT. I recall now that I endorsed a check, and whose check it was I do not recall.

Mr. KENNEDY. You knew it was the National Publishing Co. check, did you not?

Mr. KLENERT. I actually have no recollection as to whose check it was. I borrowed \$15,000 from the Manufactures Trust Co.

Mr. KENNEDY. Here is a check, Mr. Chairman.

The CHAIRMAN. The Chair presents to you what purports to be a photostatic copy of a check dated August 29, 1952, in the amount of \$5,000, from the National Publishing Co. to Leslie Shomo. It appears that you endorsed this check, according to the photostatic copy of it. I will ask you to examine it and see if you identify this as a photostatic copy of the check that you have been testifying about, and whether you did endorse it.

(Document handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. Mr. Chairman—I was going to tell you, sir, I wasn't going to make any point of that——

Mr. KENNEDY. Give him the check and the other endorsement.

The CHAIRMAN. Apparently we handed you the wrong endorsement slip.

(Document handed to witness.)

Mr. KLENERT. I am not making a point of the money in question as having been receiver, but I do not believe that the name of Lloyd Klenert as it appears on this check is my handwriting, sir.

The CHAIRMAN. You do not believe that is your signature?

Mr. KLENERT. No, sir.

The CHAIRMAN. Did somebody else endorse it for you?

Mr. KLENERT. It reads "Leslie C. Shomo, credit account of Lloyd Klenert." It is not my signature, sir.

The CHAIRMAN. Did you receive the money?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. Thank you.

Mr. KENNEDY. What other loans did you receive?

The CHAIRMAN. The check may be made exhibit 53.

(The document referred to was marked "Exhibit 53," for reference and will be found in the appendix on p. 3590.)

Mr. KLENERT. Would you relate it back to me?

Mr. KENNEDY. You received \$5,000 from Hilleary, \$5,000 from National Publishing Co., \$5,000 from Young, of the Rumanian Inn, and then you received the sixteen thousand-odd-dollars from Rosenblatt, Yudelevit, and Fisher. Were there any other loans, any other moneys?

Mr. KLENERT. Not loans. At that time, I was under the impression that I was in receipt of a loan of \$10,000, but I related to your investigators that actually I received \$10,000 from my wife Eleanor.

Mr. KENNEDY. And that was in cash?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. She came up with \$10,000 in cash?

Mr. KLENERT. She gave me \$10,000 in cash, yes, sir.

Mr. KENNEDY. That is \$10,000 in cash that you hadn't known she had?

Mr. KLENERT. I can relate to you the occurrence. I have already related it to the investigators.

Mr. KENNEDY. But this was \$10,000 that you were not aware of? She suddenly came up with \$10,000 in cash, is that right?

Mr. KLENERT. She originally told me that it had come from her mother.

Mr. KENNEDY. And you found ultimately that it was her own money?

Mr. KLENERT. She told me, she explained to me that over the years, while I had been away she had felt very insecure because of the nature of my work, had accumulated this money, and then was concerned that I might deem it disloyalty on her part—the fact that she had withheld the possession of it—and attributed it to the fact that she had received it—it was going to be given to us by her mother. But, in effect, finally she told me that she had accumulated it on the side while she had worked.

Mr. KENNEDY. Where had your wife kept this money?

Mr. KLENERT. I don't know. I didn't ask her where she kept it.

Mr. KENNEDY. All right. Did you receive any other moneys during this August period?

Mr. KLENERT. Sometime around the same period, I am not quite sure whether it was August but I know it was concerning my new home, my mother loaned me \$10,000. Whether it was actually August, June, July, or August, it is hard to say after a 5-year time.

Mr. KENNEDY. That was cash, too?

Mr. KLENERT. Yes.

Mr. KENNEDY. Your mother came up with \$10,000 in cash, your wife came up with \$10,000 in cash, and Mr. Valente's wife came up with \$10,000 in cash.

Did you receive any other money?

Mr. KLENERT. That is all I can recall or remember.

Mr. KENNEDY. What about Mr. Leff?

Mr. KLENERT. Mr. Leff—

Mr. KENNEDY. He is president of the National Spinning Mills?

Mr. KLENERT. I received no moneys from him, no.

Mr. KENNEDY. Did you go to him for a loan?

Mr. KLENERT. I went to him and asked him if he could possibly arrange to have some bank loan me money, or aid and assist me in getting a loan from a bank.

Mr. KENNEDY. How much did Mr. Leff arrange for you to borrow?

Mr. KLENERT. Mr. Leff took me to a gentleman at the Manufacturers Trust Co., I believe is the name of the bank. His name I do not recall, and this gentleman arranged for me to receive a loan in that amount.

The CHAIRMAN. How much?

Mr. KLENERT. \$15,000.

The CHAIRMAN. \$15,000?

Mr. KLENERT. Yes, sir.

(At this point, Senator Goldwater withdrew from the hearing room.)

Mr. KENNEDY. What is Mr. Leff's business? What is his position?

Mr. KLENERT. Mr. Leff is—I don't know his title. You may call him president of the National Spinning Co., or the National Worsted Mills. There are several different names for the particular enterprise. I am not certain.

Mr. KENNEDY. That is Mr. Philip Leff, L-e-f-f?

Mr. KLENERT. Yes.

Mr. KENNEDY. And he has room 4027, 315 Fifth Avenue, Empire State Building?

Mr. KLENERT. I can say it is the Empire State Building.

Mr. KENNEDY. And there is a plant at Jamestown, N. Y.?

Mr. KLENERT. There is a plant there.

Mr. KENNEDY. A textile plant?

Mr. KLENERT. It is.

Mr. KENNEDY. And the contract Mr. Leff has and that company has is with the United Textile Workers of America?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. And that is the union of which you are secretary-treasurer?

Mr. KLENERT. Yes.

Mr. KENNEDY. They have about 700 employees?

Mr. KLENERT. I think that would be a good approximation.

Mr. KENNEDY. 700 employees that are members of the union?

Mr. KLENERT. Yes.

Mr. KENNEDY. Is that right?

Mr. KLENERT. Yes.

Mr. KENNEDY. And he arranged for this loan of \$15,000 for you?

Mr. KLENERT. No, all he did was to bring me, to my knowledge all he did—I told him I wanted to borrow this money. He took me to this banker, and at that time, I don't recall the entire conversation, but he spoke of me very highly, because I think he meant it, he spoke of our long friendship and his regard and personal feelings for me, and also told the banker that he believed I would discharge any obligation which I assumed.

Mr. KENNEDY. Did he become a guarantor of your note?

Mr. KLENERT. To my knowledge at that time, no.

Mr. KENNEDY. Did he any time?

Mr. KLENERT. I have subsequently found out that he did guarantee to the bank that if I defaulted in any way, that he would make good. Of course, that did not happen. I made good.

Mr. KENNEDY. So altogether during that August period, you came up with \$66,650, is that right? \$5,000 from Hilleary, \$5,000 from the National Publishing Co., \$16,650 from Rosenblatt, \$15,000 from the bank.

Mr. Chairman, the records of the bank show that Mr. Leff went on as guarantor.

The CHAIRMAN. You will admit that he guaranteed your loan, will you?

Mr. KLENERT. Yes, sir. There is no sense in consuming your time with the formality of handing that back and forth. I am aware of that fact of a very recent time.

The CHAIRMAN. All right.

Mr. KENNEDY. And \$5,000 that you received in cash from Mr. Young; \$10,000 in cash from your mother, \$10,000 in cash from your wife. That makes a total of \$66,650. Is that correct?

Mr. KLENERT. There were other moneys that I also came into in and around that time. I think I received about—and I am guessing now—I think I received about \$4,000 arising out of the refinancing of my Boston Avenue home prior to that date, and I know that the City Bank granted me a loan—

The CHAIRMAN. What bank?

Mr. KLENERT. The City Bank, sir. The amount of that loan at this time I don't know. It was about \$5,500 or \$6,000 of a loan on some insurance.

Mr. KENNEDY. That was in May, was it not? That wasn't in August.

Mr. KLENERT. It just flashed across my mind that all throughout that period, since you mentioned the question of raising some money, those others came to my mind, Mr. Kennedy.

Mr. KENNEDY. I am talking about raising the money once you had submitted this false 135-page report to Mr. George Meany and then you went out to raise this money. This money that you were just talking about, the \$5,500 or \$6,000, was raised in May 1952, was it not? We have the records here.

Mr. KLENERT. I see.

Mr. KENNEDY. And you used as collateral for that loan what documents, or what did you use for collateral?

Mr. KLENERT. At the City Bank loan?

The CHAIRMAN. Yes.

Mr. KLENERT. I think I used my personal insurance policy, and was authorized to use the other policy owned by the organization at that time, with the understanding that the ownership of the policy should remain in the possession of the union.

Mr. KENNEDY. The loan was made on May 14, 1952, and there were two policies, one for \$10,000 and one of \$26,418 put up as collateral. That \$26,000 was the one the union had on your life?

Mr. KLENERT. I am sure the larger one was that, yes.

The CHAIRMAN. How about the refinancing? What period was that done in, where you got the \$4,000. Was that back in May?

Mr. KLENERT. The date escapes me. I don't know that date, sir.

Then there was other refinancing on the new home which also brought in about \$8,500 or \$9,000, later on. What date that was, I don't recall. Maybe the investigators have that date, also.

Mr. KENNEDY. June of 1953, Mr. Chairman.

The CHAIRMAN. That was a year later. That is not in this period.

Mr. KLENERT. Well, I think that they have a clearer picture of it than I have.

The CHAIRMAN. That is not in the period here that you have been interrogated about. I do not see that it has anything to do with this matter.

Mr. KLENERT. When I start thinking about raising money, they seem to all flow in together. That is why I brought them to your attention.

The CHAIRMAN. I imagine that you borrowed that to repay something else.

Mr. KLENERT. Well, it has——

The CHAIRMAN. I do not know that. I am talking about these loans. You may have had these finances to make payments on some of those.

Is there anything further?

Mr. KENNEDY. What I do not understand is that according to the records you and Mr. Valente came up in August of 1952 with \$111,150 that you borrowed or found that your wife had or your mother had; that \$40,000 of this was cash. If all that was necessary to pay back was this \$57,000, why did you borrow so much money during this period of time?

Mr. KLENERT. I think we were endeavoring to raise money, I think originally, from any and all sources in behalf of the organization as well, and to arm ourselves with money to handle any emergency situations that might develop, personally, organizationally, and we requested loans from any——

Mr. KENNEDY. These are personal loans?

Mr. KLENERT. From any and all sources. All these loans were forthcoming around the same time. We assumed all those loans at that time.

Mr. KENNEDY. That still does not answer the question. I am talking not about the organization's loans. I understand the organization was able to borrow \$200,000 during this period of time.

Mr. KLENERT. Well, remembering my thinking, then, it wasn't inconceivable at all that if the organization had required some of this money, even though I had assumed personal obligations for it, I would have given it to the organization.

Mr. KENNEDY. The organization didn't need it. The organization had been able to borrow through Mr. John L. Lewis, had it not, some \$200,000?

Mr. KLENERT. Through the National Bank of Washington.

Mr. KENNEDY. Wasn't that with the assistance of Mr. Lewis?

Mr. KLENERT. Yes. I think he was the prime factor in getting the bank.

Mr. KENNEDY. So it wasn't necessary at that time for the union to have the money, but you and Mr. Valente went out and raised in a short 3 weeks, \$111,150, according to your testimony.

Mr. KLENERT. Yes. As I recall it, the Lewis loan was in the same period of time, and all these people and all these contracts were made for raising money. There was a fusion there.

Mr. KENNEDY. Did you think you had a good arrangement when you raised, for instance, this \$33,300 that you arranged through Rosenblatt, and arranged through Mr. Quigley originally?

Mr. KLENERT. Do you mean financially advantageous?

Mr. KENNEDY. Yes.

Mr. KLENERT. I did not give it thought, then. It did occur to me we asked Mr. Quigley to use his good offices to raise money. I assure you that I wasn't familiar with the details—I am more familiar with the details of it today than I was then.

Mr. KENNEDY. Do you know what arrangements, financial arrangements, you made on that? Do you have the details down?

Mr. KLENERT. Now?

Mr. KENNEDY. Yes.

Mr. KLENERT. Hearing you today talking here with Mr. Valente gave me the impression that we actually paid \$36,000 and received \$33,000.

Mr. KENNEDY. Mr. Chairman, maybe we could put all of those figures on this particular loan into the record through a staff investigator.

If there is anything incorrect about it, Mr. Klenert can correct it.

If Mr. Klenert can step aside for a moment, I will call Mr. Fisher and Mr. Yudelevit who will testify briefly, as to what they did. We will then put the figures in.

Mr. KENNEDY. You are Mr. Yudelevit?

Mr. YUDELEVIT. Yes.

(Present at this point in the proceedings were: Senators McClellan and Curtis.)

The CHAIRMAN. Gentlemen, be sworn, please.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. YUDELEVIT. Yes, sir.

Mr. FISHER. Yes, sir.

TESTIMONY OF LOUIS YUDELEVIT AND JOHN W. FISHER

The CHAIRMAN. Mr. Yudelevit, will you state your name, your place of business, and your residence?

Mr. YUDELEVIT. Louis Yudelevit, 318 Southern Building, 5415 Hawthorne Place NW., being where I reside.

The CHAIRMAN. What is your business or occupation?

Mr. YUDELEVIT. Real estate broker.

The CHAIRMAN. And the other gentleman?

Mr. FISHER. John W. Fisher, the same address, and I live at 1868 Columbia Road, and I am a real estate broker.

The CHAIRMAN. Gentlemen, you know the rules with respect to counsel. Do you waive the right of counsel when you testify?

Mr. YUDELEVIT. Yes, sir.

Mr. FISHER. Yes, sir.

The CHAIRMAN. Thank you.

Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Fisher, you received some information in August 1952 that Mr. Klenert and Mr. Valente were anxious to raise some money?

Mr. FISHER. Yes. At that time I didn't know the gentleman's name involved. As a matter of fact, the first time I ever saw him was last Friday. The only reason I recognized him was his picture was in the paper Thursday.

I received a call from Mr. Quigley about negotiating a collateral loan, the underlying security being second trust notes and chattels on automobiles. I was told that the fee there was \$2,000 because it was an unbankable proposition.

Mr. KENNEDY. What does that mean, unbankable?

Mr. FISHER. Well, you couldn't go to a bank.

Mr. KENNEDY. Why not?

Mr. FISHER. They don't deal in second trusts. I think you are prohibited by the Federal Reserve Board, and insurance companies or building associations, of course, don't make loans on second trusts, and this had chattels on it also. The fee there was \$2,000.

Mr. KENNEDY. What does that mean, the fee?

Mr. FISHER. The discount or commission for negotiating the sale of the note.

Mr. KENNEDY. That was going to come to you, is that it?

Mr. FISHER. Yes.

Mr. KENNEDY. If you could arrange it?

Mr. FISHER. If I had been able to negotiate it—I did try—then the entire \$2,000 would have been mine. I had some conversation with Mr. Quigley. He has an investment company. He was anxious to get out. I had agreed that if I negotiated the loan and made the \$2,000, that I would give him back \$1,000 on account of his investment. The American Co. still owes him anywhere from \$1,300 to \$1,500.

Mr. KENNEDY. Go ahead.

Mr. FISHER. As a matter of fact, this transaction was an American Co. transaction.

Mr. KENNEDY. What happened?

Mr. FISHER. Well, I could not negotiate the loan, and I asked Mr. Yudelevit to assist me in disposing of it, with the agreement that I would get two-thirds of the \$2,000 and he would retain one-third. That is the usual practice in cooperating brokers.

Mr. KENNEDY. So what did you do, Mr. Yudelevit?

Mr. YUDELEVIT. I negotiated the sale of the note.

Mr. KENNEDY. How did you do that?

Mr. YUDELEVIT. By going through a client of mine and submitting it to him.

Mr. KENNEDY. What was his name?

Mr. YUDELEVIT. Sol Rosenblatt.

Mr. KENNEDY. What arrangements were made?

Mr. YUDELEVIT. I don't understand what you mean.

Mr. KENNEDY. He was going to take the note?

Mr. YUDELEVIT. He agreed to buy the note.

Mr. KENNEDY. At what price? What was he going to put up? How much money was he going to put up?

Mr. YUDELEVIT. I don't recall the amount of the money, but I know the check he gave me I transferred over to the Mutual Title Co., and the amount of that check at this present time I do not remember. All I remember was that I got my one-third commission out of it which was about \$667.66.

Mr. KENNEDY. Did you have anything further to do with it after that?

Mr. YUDELEVIT. I put it in my pocket or put it in the bank.

Mr. KENNEDY. What about Mr. Rosenblatt? Is he in that business?

Mr. YUDELEVIT. No. He is in the clothing business.

Mr. KENNEDY. He is in the clothing business?

Mr. YUDELEVIT. That is a little side investment for him.

Mr. KENNEDY. Do you know how much money was put up by him? Do you know the total amount?

Mr. YUDELEVIT. No. I don't recall the exact amount.

Mr. KENNEDY. You don't know how much you requested from him?

Mr. YUDELEVIT. No, I don't remember it.

Mr. KENNEDY. Was he the first person you went to?

Mr. YUDELEVIT. The only person I went to.

Mr. KENNEDY. Who prepared the note?

Mr. YUDELEVIT. The title company.

Mr. KENNEDY. The Mutual Title Co.; Mr. Quigley?

Mr. YUDELEVIT. Mr. Quigley's office.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Do you have anything to add to this, Mr. Yudelevit?

Mr. YUDELEVIT. I got one-third.

Mr. KENNEDY. And you gave a half to Mr. Quigley?

Mr. YUDELEVIT. I gave a half to apply on his investment; yes, sir.

Mr. KENNEDY. So each one of you got a third of the \$2,000, is that right?

Mr. YUDELEVIT. Yes, sir.

The CHAIRMAN. Thank you, gentlemen. You may stand aside. You may be excused.

Mr. KENNEDY. Mr. Ralph Mills will testify as to what figures were involved.

(Members present at this point in the proceedings: Senators McClellan and Curtis.)

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MILLS. I do, sir.

TESTIMONY OF RALPH W. MILLS

The CHAIRMAN. State your name, your place of residence, and your present occupation or employment.

Mr. MILLS. My name is Ralph W. Mills. I am a staff member of this committee, and my permanent residence is in Tampa, Fla.

The CHAIRMAN. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. Mr. Mills, you made a study of this transaction we have just been discussing before the committee?

Mr. MILLS. Yes, sir; I have.

Mr. KENNEDY. And you know the amounts of money involved in the transaction?

Mr. MILLS. Yes, that is correct.

Mr. KENNEDY. Could you cite those to the committee based on your review of the records?

Mr. MILLS. On August 25, 1952, Mr. Rosenblatt and his associates advanced, by check prepared by Mr. Rosenblatt, the sum of \$33,300, which ultimately found its way to the benefit of Mr. Klenert and Mr. Valente.

In exchange for that advance of the \$33,300, a \$36,000 promissory note was signed by Mr. Valente, Mr. Klenert, and their wives. It was received by Mr. Rosenblatt to secure the loan. The note was repayable in 1 year at \$3,000 per month, and it bore an interest rate of 6 percent.

The CHAIRMAN. How was the note secured?

Mr. MILLS. The note was secured not by a deed of trust. It was secured in this manner: Mr. Klenert and Mr. Valente pledged the two deeds of trust that we have been testifying about previously, one of them on Mr. Klenert's property in Rock Creek Hills for \$15,000, and the note was payable to Laida Kreuz, and that was covered by the deed of trust, and the note from Mr. Valente was in the amount of \$10,000, also payable to Laida Kreuz, and also protected by a deed of trust of record.

Then there was a third deed of trust that was prepared at the time; that is, as of the time of this \$33,300 loan. That deed of trust was in the amount of \$10,000, and it was signed by Mr. Klenert and his wife. That deed of trust was to protect this \$10,000 note made payable to Laida Kreuz who, by that time, had become Laida Bushnell. She had gotten married.

That deed of trust was against the former residence of Mr. Klenert in Takoma Park, 509 Boston Avenue.

They also pledged the titles for three automobiles. One was a 1952 Chevrolet; one was a 1952 Cadillac; and the third was a 1952 Ford club coupe.

Mr. KENNEDY. The money that Mr. Klenert and Mr. Valente actually received was \$33,300?

Mr. MILLS. Yes, sir.

Mr. KENNEDY. And they agreed to pay back \$36,000, is that right?

Mr. MILLS. That is correct; yes, sir.

Mr. KENNEDY. What payments in addition to that were required from Mr. Klenert and Mr. Valente?

Mr. MILLS. Well, immediately after signing the \$36,000 note, \$2,700 was taken off of the top as a discount.

Mr. KENNEDY. Go ahead and give me all of the figures.

Mr. MILLS. All right.

And then, finally, \$663.02, which was the 6 percent interest for the period of the loan was made.

Mr. KENNEDY. When was the loan paid back?

Mr. MILLS. The last payment on the loan was February 16, 1953.

Mr. KENNEDY. So the loan was outstanding for 6 months; is that right?

Mr. MILLS. Yes, that is right, approximately. It was a little less than that.

Mr. KENNEDY. The \$36,000 was paid, is that right?

Mr. MILLS. Yes.

Mr. KENNEDY. And then 6 percent interest, which amounted to \$663.02?

Mr. MILLS. That is right.

Mr. KENNEDY. And then the \$2,000 commission to Yudelevit, Fisher, and Quigley?

Mr. MILLS. Cut up equally between them.

Mr. KENNEDY. A \$900 commission to Mr. Parker Nolan?

Mr. MILLS. That is correct.

Mr. KENNEDY. Making a total that they paid above the amount they received of \$6,662.02, is that right?

Mr. MILLS. That is correct.

Mr. KENNEDY. Making a cost to them of about 19 percent, is that right.

Mr. MILLS. That is about right; yes sir.

Mr. KENNEDY. Are you familiar with the law, usury?

Mr. MILLS. Yes, sir; I am.

Mr. KENNEDY. Is that involved in this loan?

Mr. MILLS. Well, in my opinion, yes.

Mr. KENNEDY. The note is outstanding at \$36,000, and they only borrowed \$33,000. Does that take it out of the sphere of violating the law of usury?

Mr. MILLS. I had thought that it did. I understand that there may be an exception to that where there is a second deed of trust, which was involved in this case. This was a second mortgage, in effect, with their security.

Mr. KENNEDY. But the result was that Mr. Klenert and Mr. Valente paid about 19 percent interest?

Mr. MILLS. Yes. It vastly exceeded the normal legal rates of interest.

The CHAIRMAN. Very well, you may stand aside.

TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL, JAMES M. McINERNEY—Resumed

(Members present at this point in the proceedings: Senators McClellan and Curtis.)

Mr. KENNEDY. Mr. Klenert, I would like to have you explain if you had all of this other money that was available, including cash that you could borrow from these other sources, why you made such an arrangement as this, if all the other cash was legitimate cash that had come into your possession legitimately.

Mr. KLENERT. Specifically you want to know—

Mr. KENNEDY. Why you would make such an arrangement as this, of paying \$6,263.02; approximately 19 percent interest.

Mr. KLENERT. All I can tell you is what I told you before, Mr. Kennedy, that we had endeavored to raise money from all sources possible, and whatever avenues were open to us in the securing of loans, we took at that time.

The CHAIRMAN. Were you in a desperate situation for money when you would go out and make an arrangement like this which would cost you about 19 percent interest?

Mr. KLENERT. I don't believe we were motivated out of desperation.

The CHAIRMAN. I beg your pardon?

Mr. KLENERT. We were not motivated out of desperation, Mr. Chairman.

The CHAIRMAN. Well, were you motivated out of urgency?

Mr. KLENERT. We wanted to raise as much money as possible.

The CHAIRMAN. Well, would you have made another borrowing at 19 percent interest, if you could have found it?

Mr. KLENERT. I don't think I ever would borrow money at 19 percent interest. I just found that fact out here today.

The CHAIRMAN. You see what this clearly indicates. I say indicates, but I mean it at least needs explanation. You had to get this money back into the union—it could be interpreted that way—you had to get this money back into the union treasury, and you had to go out and agree to pay very high rates of interest in order to get the money. That is what it indicates on the face of it, if one wants to give it that interpretation.

Is there any explanation you can make? Apparently you say you thought something might happen where you would need a lot of money and you went out to borrow where you could get it.

Mr. KLENERT. These loans came through in August.

The CHAIRMAN. Was that right after you tried to borrow money from Mr. Meany and he had challenged the validity of the audit report?

Mr. KLENERT. That incident occurred, but I recall going to other sources, many other people, other unions, and asking for loans and financial assistance and support so that we would not lose momentum, and so that we could put on more men. It was all during that period. We didn't restrict ourselves to going to these men who gave us loans or George Meany or any other individual.

The CHAIRMAN. I am not saying that. You did not go to any of these other people, though, until after you went to George Meany, did you?

Mr. KLENERT. I think that some of these people were—I don't recall exactly which was first.

The CHAIRMAN. Have you mentioned a single loan here that you finally got where you had made arrangements for it before you went to Mr. Meany and he challenged the validity of your auditors' report? Is there a single one of these loans that you have identified that was obtained before?

Mr. KLENERT. These loans came through, perhaps, after our conference with Mr. Meany, as well as perhaps after our conference with other people in the labor movement. But whether we asked for these loans before we saw Mr. Meany and they didn't clear through until after, I do not know, and I could not say and be definite about it, Mr. Chairman.

The CHAIRMAN. I think, according to the chief counsel here, and I have not checked it personally, that this could be verified, that all of these loans came through, if you want to use that term, after Mr. Meany had challenged the validity of your auditor's report.

Mr. KLENERT. I have no comment on that, sir.

The CHAIRMAN. You would not say that is not true, would you?

Mr. KLENERT. I don't know the actual sequence of events at this time after a 5-year period, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Before we go into a more recent period, I want to ask you about some of your bank accounts, particularly a bank account at the Manufacturer's Trust Co. in New York City. You are familiar with that?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. After you received this loan of \$15,000 in August, you deposited that and opened up a bank account at the Manufacturer's Trust Co., is that right?

Mr. KLENERT. I think they created some account there in that amount in my name.

Mr. KENNEDY. I think the record shows that the account was opened on August 27, 1952, with a deposit of \$14,756.68. On September 10, 1952, you deposited in cash in that bank account, \$4,300. Will you tell the committee where you got that cash?

Mr. KLENERT. I don't recall the incident at all, Mr. Kennedy.

Mr. KENNEDY. On September 11, 1 day later, you deposited \$3,000 in cash in that bank account. Can you tell the committee where you got that cash?

Mr. KLENERT. I don't recall that at this time.

Mr. KENNEDY. On September 12, the next day, you deposited \$1,200 in cash. Can you tell the committee where you got that money?

Mr. KLENERT. September of 1952?

Mr. KENNEDY. September 10, \$4,300; September 11, \$3,000; September 12, \$1,200. Will you tell the committee where you got all of that cash in September?

Mr. KLENERT. It might have been—I can't recall. It might have been part of some of this money that I had already borrowed, and I might have been in New York and instead of carrying it around I might have deposited it there and left it there.

Mr. KENNEDY. Four days later, Mr. Klenert, you deposited in that same bank account \$5,000 in cash, September 16, 1952. Can you tell the committee where you got that cash?

Mr. KLENERT. I am hazarding a guess. It would just be—

Mr. KENNEDY. You must know. It is about \$13,000 in cash that you deposited within a 6-day period in September. Where did you get all that cash?

Mr. KLENERT. The only thing that comes to my mind is that some of the money that I had which you have already outlined, instead of carrying it with me, I put it into the bank. That is about all I could think off, offhand. It is very difficult to remember back almost 5 years ago.

Mr. KENNEDY. Yes. On October 24, 1952, in that same bank account, you deposited another \$4,000 in cash. Where did you get that from?

Mr. KLENERT. It occurs to me—I don't know. Are there withdrawals incident to this? I might have been taking the money out and putting it back in. I don't know. I can't sit here and guess at it.

Mr. KENNEDY. Let me tell you what else you did. That is October 24, \$4,000. On November 12, 1952, you deposited \$9,500 in cash.

Mr. KLENERT. If you would care to, if I can look at the statement——

Mr. KENNEDY. I will show it to you.

Mr. KLENERT. These figures give me no association.

Mr. KENNEDY. We find withdrawals during this period of time. And then on January 16, 1953, there was a cash deposit of \$2,150 and a check deposit of \$1,000, making a total in there in 1 deposit of \$3,150, of which, as I said, \$2,150 was cash.

During that period of time, then, from September 10, 1952, through January 16, 1953, you deposited, according to our records, \$29,150 in cash in that bank account.

(The witness conferred with his counsel.)

Mr. KENNEDY. Can you tell the committee where you got all of that cash?

Mr. KLENERT. Are there no records of withdrawals there?

You throw these figures, and I haven't retained sequence dates, amounts. If I had a sheet before me and could see something, something might come to my mind on it.

The CHAIRMAN. The Chair presents to you what purports to be six photostatic copies of deposit slips in this bank, relating to the items that you have been interrogated about by counsel, beginning with 1 dated September 10, 1952, a deposit at the time of \$4,300; 1 of September 11, the next day, for \$3,000; 1 for September 12, the following day, for \$1,200; 1 for September 16 in the amount of \$5,000; 1 for October 24 in the amount of \$4,000; and 1 for November 12 in the amount of \$9,500.

The deposit slips, if correct, indicate that this was all in cash.

Would you examine those and see if you identify them, and also state in whose handwriting is the name Lloyd Klenert at the top of each deposit slip.

(Documents handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. May I have the bank statement that corresponds to this time or perhaps the entire bank statement which might give me some indication to refresh my memory?

The CHAIRMAN. I do not have your bank statements. All we have are these deposit slips.

Mr. KENNEDY. Wait a moment. Here is a copy of it, a worksheet.

This is a copy that the investigator made. It had to be taken off of microfilm.

The CHAIRMAN. He would not be able to identify this.

Mr. KENNEDY. But it might help him.

The CHAIRMAN. I may state for your information that these items here in the statement were prepared by members of the staff from microfilm records in the Manufacturers Trust Co. This may help you some. If it will, you may look at it. It is not in evidence as yet.

I would like to ask you, before you proceed, to state if the name Lloyd Klenert on those deposit slips is in your handwriting.

Mr. KLENERT. It is printing, but I would safely say that it was my printing; yes.

The CHAIRMAN. Is it your printing?

Mr. KLENERT. Yes.

The CHAIRMAN. You may examine that statement and see if it helps you in any way.

Mr. KLENERT. Thank you.

(Document handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. Senator, I don't know if I am reading this correctly, but I see here a diminution, not a continual growth in the account.

The CHAIRMAN. A what?

Mr. KLENERT. I see that this balance gets lesser and lesser and not greater and greater. It occurs to me that this money was put in here and then—on the left, this must be checks issued against it.

The CHAIRMAN. The Chair has not looked at it. Let me see it a moment.

Mr. KLENERT. The highest credit there is about eight or nine thousand dollars, not \$29,000.

The CHAIRMAN. That could be true.

Mr. KENNEDY. I am sure there were withdrawals, as you deposited your cash. Where did you get the cash?

Mr. KLENERT. Didn't you say there were no withdrawals made?

Mr. KENNEDY. No. I said there were withdrawals. In fact, I think you paid the \$15,000 loan to the Manufacturers Trust Co. Certain of the money went to Mr. Valente and some to the Riggs National Bank, and some to Shomo. All we are trying to find out is where the cash came from that you put in there in order to make these withdrawals. That is all.

Mr. KLENERT. The cash must have come from the other moneys that I raised, as I explained before.

Mr. KENNEDY. Why would you wait until this time to start depositing in a bank account, and why would it be in such amounts as you did in this case?

Mr. KLENERT. I have no recollection of that, Mr. Kennedy. In fact, I must confess, all these figures instead of clarifying me have me perhaps more confused and vague than I was at the outset. I am very vague.

Mr. KENNEDY. You weren't taking any money from the union during the fall of 1952, cash from the union, and depositing it in your account?

Mr. KLENERT. Are you referring to these?

Mr. KENNEDY. Yes.

Mr. KLENERT. No.

Mr. KENNEDY. You were not?

Mr. KLENERT. No.

Mr. KENNEDY. You never did anything like that?

Mr. KLENERT. I don't recall anything like that.

Mr. KENNEDY. None of this money that you deposited in your bank account as cash came from the union?

Mr. KLENERT. I have no recollection of that. It might have been other loans which have escaped me, which I had received and deposited and paid back. I have no recollection on it at all.

The CHAIRMAN. Let me get the record straight at this point on those deposit slips. Do you identify your signature or your printed name on the deposit slips that you have examined?

Mr. KLENERT. These here, sir?

The CHAIRMAN. Yes.

Mr. KLENERT. Yes, I would say that was my printing, sir.

The CHAIRMAN. I hand you one more, dated January 16, 1953, showing a deposit in the amount of \$3,150, of which \$2,150 is in cash. See if you identify also your printed name on this deposit slip.

(Document handed to witness.)

(The witness conferred with his counsel.)

Mr. KLENERT. That looks like my printing, sir.

The CHAIRMAN. All right. Those deposit slips may be made exhibit No. 54-A, B, C, D, and so forth.

(The documents referred to were marked "Exhibits 54-A, B, C, D, E, F, and G," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. If you did not take any cash from the union and deposit it in your bank account, then have you ever taken money from the union to pay your own personal bills, other than your salary, and other than your legitimate hotel bills? Have you taken any money from the union in order to pay for your own personal expenses?

Mr. KLENERT. I have been allowed a personal expense account.

Mr. KENNEDY. Let us go through that. What did you receive as a salary? Tell me what you received as a salary, starting back in 1948. What salary did you have?

Mr. KLENERT. I think the constitution has it there. I think you have a copy of it. It would be more accurate than my memory.

Mr. KENNEDY. You don't remember that?

Mr. KLENERT. Whatever the constitution says.

Senator CURTIS. Mr. Klenert, since 1950, up to the present time, have you had any income other than your compensation from the union?

Mr. KLENERT. No, sir.

Senator CURTIS. No other income from any source?

Mr. KLENERT. No, sir.

Senator CURTIS. Of the debts that you created, that you obligated yourself for back there in 1952, are those all paid now?

Mr. KLENERT. No, sir.

Senator CURTIS. How much do you still owe?

Mr. KLENERT. If you will bear with me, sir; I will try to capitulate as quickly as possible.

Senator CURTIS. I want you to exclude the balance of your payments on your house.

Mr. KLENERT. Yes, sir.

I have \$30,000—in round figures, about \$30,000 worth of debts aside from my house. I will mention it to you for your information. There is a \$30,000 first trust on it now. I have to raise that money now because of other personal obligations. I think it is about \$24,000 now also on that debt.

Senator CURTIS. I mean besides your house, what is your present indebtedness?

Mr. KLENERT. About \$30,000. A little in excess of \$30,000.

Senator CURTIS. To whom do you owe that?

Mr. KLENERT. I owe \$5,000 to Mr. Young, the same amount to Mr. Hilleary.

Senator CURTIS. Who is Mr. Young?

Mr. KLENERT. A friend of mine, sir.

Senator CURTIS. That is the one you borrowed the original \$5,000 from?

Mr. KLENERT. Yes.

Senator CURTIS. And how much money do you owe him?

Mr. KLENERT. Five.

Senator CURTIS. You still owe him five?

Mr. KLENERT. Yes, sir.

Senator CURTIS. Who else do you owe?

Mr. KLENERT. Mr. Hilleary.

Senator CURTIS. He is the man previously mentioned in the testimony?

Mr. KLENERT. Yes, sir.

Senator CURTIS. How much do you owe him?

Mr. KLENERT. Five.

Senator CURTIS. Who else do you owe?

Mr. KLENERT. I have over \$10,000 worth of loans at the National Bank, personal loans at the National Bank, and I still owe my mother her money.

Senator CURTIS. You still owe her?

Mr. KLENERT. Yes, sir.

The CHAIRMAN. It is apparent that we cannot conclude tonight. Some of us have other official duties that are pressing for attention. I am going to recess the committee over until 10 o'clock in the morning.

The chairman will not be able to be present, but when a quorum is present, when a quorum of the committee is present, they can select among themselves someone to act as chairman tomorrow and conduct the hearings in my absence.

The witnesses who have not been heard today will return tomorrow.

Mr. Klenert, you will return in the morning and resume the stand at 10 o'clock.

Mr. KLENERT. Yes, sir.

The CHAIRMAN. The committee stands in recess until 10 o'clock in the morning.

(Whereupon, at 4:50 p. m., the committee recessed, to reconvene at 10 a. m., Friday, July 26, 1957.)

(Members present at the taking of the recess: Senators McClellan and Curtis.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, JULY 26, 1957

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D. C.

The select committee met at 10:30 a. m., pursuant to Senate Resolution 74, agreed to January 30, 1957, in the caucus room, Senate Office Building, Senator Carl T. Curtis, presiding.

Present: Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel to the select committee; Ralph Mills, assistant counsel; Morton E. Henig, investigator; Alphonse F. Calabrese, investigator; Ruth Young Watt, chief clerk.

(Members of the select committee present at the convening of the session: Senator Curtis.)

Senator CURTIS. The committee will be in order.

We will proceed with the presenting in the record of certain staff material and other foundation documents.

You may proceed, Mr. Kennedy.

Mr. KENNEDY. I will call Mr. Calabrese and Mr. Henig.

Will you take the stand, please?

TESTIMONY OF ALPHONSE F. CALABRESE AND MORTON HENIG—

Resumed

Senator CURTIS. Each of you have been previously sworn, have you not?

Mr. CALABRESE. We have.

Mr. HENIG. We have.

Senator CURTIS. State your name to the reporter.

Mr. CALABRESE. Alphonse F. Calabrese.

Mr. HENIG. My name is Morton E. Henig.

Senator CURTIS. Both of you are members of the staff of this committee?

Mr. CALABRESE. That is right.

Mr. KENNEDY. You have made an examination of the books and records of the United Textile Workers of America, is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. What books and records are still in existence?

Mr. CALABRESE. The books starting from April 1, 1954, to date.

Mr. KENNEDY. April 1, 1954?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. What happened to the records prior to that time?

Mr. CALABRESE. By resolution of 1954, there was passed by the executive council a resolution, and it was agreed that all records other than those of a historical background would be destroyed except for the last 3 years. As I say, the reason given was because of a space problem in the headquarters of the union, that these records had to be disposed of.

They kept the last 3 years of the records from the February 1954 date, and each year, as the year passed, they would destroy the last year, so that they had 3 years of records.

Mr. KENNEDY. When did they decide to destroy these records, was it in 1954?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. Was this at the same time that Mr. Valente and Mr. Klenert were under income-tax investigation?

Mr. CALABRESE. It is approximately the same time.

Mr. KENNEDY. It was during 1954, is that correct?

Mr. CALABRESE. Approximately, yes.

Mr. KENNEDY. Were Mr. Klenert and Mr. Valente charged with certain payments that they had not made on their income tax?

Mr. CALABRESE. Yes, that is correct.

Mr. KENNEDY. Do you have the amount of that?

Mr. CALABRESE. Yes, I do.

From our investigation and interrogation, we ascertained that Mr. Valente and Mr. Klenert's income-tax returns were investigated for the period 1950 to 1954 by the audit division of the Bureau of Internal Revenue.

Mr. KENNEDY. How much was involved?

Mr. CALABRESE. After the investigation, they were—Mr. Valente was assessed \$5,174.76. Mr. Klenert was assessed \$7,609.10. Now, this was because the Audit Division ascertained that they were deficient in the fact that they had violated section 293 (a), and this section deals with negligence or intentional disregard of the income tax rules, but no fraud, and 294 (d), this section dealing with failure to file or pay installments on estimated tax.

Mr. KENNEDY. Did the union ultimately pass a resolution which was offered by Joseph Jacobs, the attorney, that the union should pay that tax?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. This deficiency that Mr. Klenert and Mr. Valente had been assessed?

Mr. CALABRESE. Yes. I might state at a meeting of the executive council, at the Hamilton Hotel, Washington, D. C., on March 27, 1956, Mr. Jacobs advised the executive council that Mr. Klenert and Mr. Valente had been subjected to an investigation by the Internal Revenue Department, and pursuant thereto they were assessed certain moneys, and it was suggested that the union pay their assessments.

Mr. KENNEDY. Did the union then pay at least part of it? Has the union already paid part of that?

Mr. CALABRESE. Yes. On December 3, 1956, checks were made out to Lloyd Klenert and Anthony Valente in the amount of \$2,000 apiece, which they show on their books for "alleviation of taxes," and that was the partial payment of the tax assessment.

Mr. KENNEDY. Now, let me ask you about what you found from the review of the records of the past 3 years. First, on the question of Mr. Klenert—

Senator CURTIS. I have one thing before we leave that tax matter.

Of the amount assessed against them, and paid, can you readily ascertain how much of that was tax and how much, if any, was penalties and interest?

Mr. CALABRESE. I can ascertain that, Senator, but I would have to check the records on that. I cannot do it readily at this time.

Senator CURTIS. Would you supply it later, if you can?

Mr. CALABRESE. Yes, I can.

Mr. KENNEDY. I want to go through with you briefly as far as the situation—as far as Mr. Klenert's and Mr. Valente's expenses from the union. Now, back in April of 1948—do you have these figures with you?

Mr. HENIG. Just a moment, please.

Mr. KENNEDY. Prior to April 1, 1948, according to our records, do they show that Mr. Valente was making \$11,333, and Mr. Klenert \$10,815 a year?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Is that including salary and a certain per diem that they were getting?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. They would get the per diem no matter what the circumstances were: is that right?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. They would have their expenses above and beyond that?

Mr. HENIG. Hotel expenses were paid by the union.

Mr. KENNEDY. Then there was a change made, on April 1, 1948, which brought Mr. Klenert's combined salary and per diem up to \$15,040 a year, and Valente's to the rate of \$16,040 a year.

Mr. HENIG. That is correct.

Mr. KENNEDY. That was passed April 1, 1948?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Now, in 1951, Mr. Valente was making \$18,380 a year, and approximately the same time—

Mr. HENIG. A little earlier, Mr. Klenert had raised per diem from about \$145 a week up to \$190 a week, that was in June of 1949, so it brought his salary up to, I think, \$17,395 a year. In 1951, I think January of 1951, Mr. Valente's per diem—

Mr. KENNEDY. Mr. Valente's?

Mr. HENIG. Went up to \$190 a week and his salary was then at the rate of \$18,380.

Mr. KENNEDY. Then there were certain actions taken right after the convention of 1956, that raised their salary and per diem even higher, is that right?

Mr. HENIG. On October 25, 1956, the executive council, on authority of the convention at that time, passed a resolution that the salary of Mr. Klenert would be \$14,000 a year, and the salary of Mr. Valente would be \$15,000 a year, plus per diem.

Mr. KENNEDY. So the per diem brings Mr. Valente to \$22,300 a year and Mr. Klenert to \$21,300 a year?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. I want to understand. Above and beyond those figures, Mr. Klenert and Mr. Valente received their expenses, and their hotel bills, and their traveling expenses; is that right?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. So this is a flat amount that they received each year, is that right?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. And above that and beyond that they received their expenses?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Have you made an examination into their hotel bills?

Mr. HENIG. Yes, sir, we have.

Mr. KENNEDY. Could you tell the committee what the total hotel bill of Mr. Klenert for these 3-year periods that you have made a study of was?

Mr. HENIG. Mr. Klenert's total hotel bill paid by the union was about \$59,000. In addition to that, the union maintained a hotel in Washington for union purposes which ran about \$17,600 for the 3-year period, so the total hotel bill of Klenert and the hotel maintained by the union in Washington was \$86,364.46.

Mr. KENNEDY. And the figure at the Hamilton Hotel of \$17,626.34 was a hotel room maintained by the union; is that right?

Mr. HENIG. That is right.

Mr. KENNEDY. Now, on those hotel bills at each one of these hotels, did Mr. Klenert make it a practice of having payouts or c. o. d. packages delivered to his hotel?

Mr. HENIG. Yes, sir; he did. He would purchase in Washington, he would make purchases at certain stores in Washington, and have the item delivered to the hotel, on a c. o. d. basis, and the hotel would pay for the merchandise, a suit of clothes or a coat, and put the charge on the union's bill, which was in turn paid by the union, the entire bill. The same was true just about every place we were able to check, Mr. Klenert would buy a number of things and have it delivered to the hotel and the bill would go to the union, and the union would pay for the entire bill, including the personal items.

Mr. KENNEDY. Did you check the items that were covered in these paid outs, these c. o. d. packages, and did you check the sales slips and find out the type of items delivered to the hotel?

Mr. HENIG. In a number of instances, we were able to go back to the merchant and through his records we were able to get what Mr. Klenert purchased.

Mr. KENNEDY. Now, for this 3-year period, from April of 1954 until January of 1957—

Mr. HENIG. It was March of 1957.

Mr. KENNEDY. What was the total of the paid-outs?

Mr. HENIG. \$30,036.

Mr. KENNEDY. For Mr. Klenert?

Mr. HENIG. Yes, sir; that was all Mr. Klenert.

Mr. KENNEDY. At the same time, when he was staying at the hotel, would he also receive cash advances from the hotel and charge them to his hotel bill, which would, in turn, be paid by the union?

Mr. HENIG. Yes, sir, included in that \$30,000 figure are the cash advances, or cash refunds received by Mr. Klenert of \$12,644.93.

Mr. KENNEDY. Out of the \$30,036.31, there was \$12,644.93 as cash advances; is that right?

Mr. HENIG. Cash received by the hotel and put on the bill.

Mr. KENNEDY. And \$12,107.75 was for the payment of c. o. d. packages?

Mr. HENIG. That is right, sir.

Mr. KENNEDY. Then other incidentals, such as golf, cabana, and solarium, amounted to \$971.04?

Mr. HENIG. That is right.

Mr. KENNEDY. There were other incidentals of \$2,312.59?

Mr. HENIG. That is right. That was right.

Mr. KENNEDY. Mr. Chairman, we have a mimeographed sheet here summarizing these hotel bills, and summarizing the pay-outs. Could we have this made a part of the record?

Senator CURTIS. Without objection, it is so ordered.

(Document referred to follows:)

Schedule of hotel "paid-out" charges of Lloyd Klenert, international secretary-treasurer, United Textile Workers of America

| Period | | Hotel and location | Total hotel bill | Total paid-outs | Major categories of paid-outs | | | Others |
|----------------|----------------|---|------------------|-----------------|-------------------------------|-------------------|------------------------------|----------|
| From— | To— | | | | Cash advance | C. o. d. packages | Golf, cabana, solarium, etc. | |
| Apr. 1, 1954 | Dec. 4, 1955 | Hamilton, Washington, D. C. ¹ | \$17,626.34 | \$2,353.92 | \$155.00 | \$2,049.87 | ----- | \$148.05 |
| Do.----- | Feb. 20, 1957 | Tuscany, New York City ² | 15,220.92 | 2,220.47 | 300.00 | 1,572.32 | 348 | 348.15 |
| July 17, 1954 | June 20, 1956 | Park Sheraton, New York City ² | 5,449.95 | 2,138.79 | 50.00 | 1,941.34 | ----- | 147.45 |
| Sept. 21, 1955 | Mar. 23, 1957 | Vanderbilt, New York City ² | 3,953.38 | 1,263.87 | ----- | 1,250.84 | ----- | 12.93 |
| Aug. 1, 1954 | Sept. 7, 1954 | Ambassador, Atlantic City, N. J. | 14,183.62 | 9,722.93 | 8,050.00 | 1,158.92 | 392.95 | 121.06 |
| Sept. 17, 1954 | Sept. 28, 1954 | Beverly Hills, Los Angeles, Calif. | 1,763.06 | 607.00 | ----- | 442.44 | ----- | 164.56 |
| Dec. 19, 1954 | Feb. 26, 1955 | Blue Box Motel, Miami Beach | 3,598.28 | 961.41 | 627.10 | 156.91 | 68.45 | 108.95 |
| Mar. 13, 1955 | Mar. 19, 1955 | Roney Plaza, Miami Beach | 135.56 | 84.30 | ----- | ----- | 60.00 | 24.30 |
| Mar. 13, 1955 | Mar. 19, 1955 | Whitehall, Palm Beach, Fla. | 158.39 | 15.45 | ----- | ----- | ----- | 13.45 |
| Aug. 9, 1955 | Aug. 11, 1955 | Sherman, Chicago, Ill. | 776.49 | 611.99 | ----- | 563.59 | ----- | 48.40 |
| Jan. 1, 1956 | Jan. 6, 1956 | Roney Plaza, Miami Beach | 601.89 | 137.50 | ----- | 13.86 | 75.00 | 48.64 |
| Jan. 25, 1956 | Feb. 7, 1956 | Balmoral, Miami Beach | 2,740.39 | 712.12 | ----- | 581.74 | 4.00 | 126.38 |
| Mar. 29, 1956 | Apr. 9, 1956 | Boca Raton Club, Boca Raton | 2,254.96 | 650.94 | ----- | 376.05 | 111.59 | 163.30 |
| July 13, 1956 | July 20, 1956 | Princess Hotel, Bermuda | 771.94 | 305.89 | ----- | 291.72 | ----- | 14.17 |
| Aug. 21, 1956 | Aug. 30, 1956 | Saintsot, Rockland, Maine | 1,089.81 | 524.47 | ----- | 271.84 | 116.05 | 136.58 |
| Oct. 10, 1956 | Oct. 28, 1956 | Sheraton McAlpin, New York City | 7,054.08 | 5,637.77 | 3,462.83 | 2,042.56 | ----- | 192.38 |
| Nov. 2, 1956 | Nov. 3, 1956 | Conrad Hilton, Chicago, Ill. | 163.00 | 47.11 | ----- | 47.11 | ----- | ----- |
| Nov. 18, 1956 | Nov. 25, 1956 | Eden Roc, Miami Beach | 1,008.65 | 142.01 | ----- | 28.78 | 52.50 | 60.73 |
| Dec. 8, 1956 | Dec. 16, 1956 | Balmoral, Miami Beach | 1,118.21 | 376.63 | ----- | 325.00 | 10.00 | 41.63 |
| Jan. 1, 1957 | Jan. 6, 1957 | Eden Roc, Miami Beach | 744.94 | 40.13 | ----- | ----- | 20.50 | 19.63 |
| Jan. 26, 1957 | Mar. 3, 1957 | Balmoral, Miami Beach | 5,920.00 | 1,422.61 | ----- | 992.76 | 60.00 | 369.85 |
| Total | | | \$6,364.46 | 30,036.31 | 12,644.93 | 14,107.75 | 971.04 | 2,312.59 |

¹ Klenert did not stay at this hotel. UTWA maintains permanent room here.² Klenert stays at these hotels varied from a day to a few weeks are varying periods usually twice a month or more often.

Senator CURTIS. I should like to ask you about this item of c. o. d. packages, \$14,107.75. Have you checked each one of those items?

Mr. HENIG. No, sir; we don't have the sale slips on each item. We have them for a large number of the items, but many of the stores were not able to supply us with sales slips.

Senator CURTIS. Would you say the major portion of them?

Mr. HENIG. I would say so.

Senator CURTIS. And these are c. o. d. charges that are personal in character, as contrasted to supplies for the union?

Mr. HENIG. None of them were supplies for the union, sir.

Senator CURTIS. None that you were able to check?

Mr. HENIG. No, sir.

Senator CURTIS. That is all.

Mr. KENNEDY. Did you make a list or sample of the items purchased by Mr. Klenert at the hotel?

Mr. HENIG. Yes, sir; I did.

Mr. KENNEDY. Do you have such a list with you?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Could you tell us some of the items that you found that were purchased, and the price?

Mr. HENIG. Yes, we have an item, Magnavox TV set for \$277.59. We have an RCA Victor color TV set for \$566.56.

We have a number of suits ranging from \$100 to \$150 in cost, for Mr. Klenert. We have women's handbags. We have record albums: one record album was \$77.25. We have a corkscrew for \$25.20. We have a sport cane for \$10. We have a golfer's lamp for \$49.50. A number of milk stools.

Mr. KENNEDY. Did you find out what a milk stool was?

Mr. HENIG. I was not able to find out exactly what it is, but I assume it is a small piece of furniture that you would put in a den or something like that. It was not used for milking a cow, I am sure of that.

Mr. KENNEDY. What about a golfer's lamp? Someone told me it was a lamp that you put on the front of your head, when you play golf at night.

Mr. HENIG. I don't believe so. The salesman thought it was a lamp either in the form of a set of golf clubs or a golfer swinging; a lamp with a shade on top.

Mr. KENNEDY. You found a doll; did you?

Mr. HENIG. We found a number of purchases of toys, and games for children and a number of purchases of children's clothes, and some expensive purchases of women's clubs and we have an original black coat, \$200. We have a woman's black suit of \$222. We have a hand crocheted skirt and a handknitted sweater for \$99.65. These are all purchased by Mr. Klenert for his wife.

We have a navy dress for \$135.

Mr. KENNEDY. Did you make a list of samples of items that were purchased?

Mr. HENIG. Yes, sir, by Mr. Klenert for his wife. We have a list of each, just samples, and it is not inclusive.

(At this point, Senator Ervin entered the hearing room.)

Mr. KENNEDY. We would like to have that placed in the record.

Senator ERVIN. It is so ordered, for both Mr. and Mrs. Klenert.

(Document referred to follows:)

Samples of items purchased by Lloyd Klenert with United Textile Workers of America funds

| | |
|-----------------------------------|--------------|
| Theater tickets for My Fair Lady | \$2, 564. 65 |
| Golfer's lamp | 49. 50 |
| Milk stool | 5. 50 |
| Corkscrew | 25. 20 |
| Sport cane | 15. 00 |
| Magnavox TV set | 277. 59 |
| RCA Victor color TV set | 566. 50 |
| 1 suit | 142. 20 |
| 1 tuxedo | 149. 43 |
| 1 tuxedo jacket | 35. 00 |
| 4 pieces of luggage | 168. 15 |
| 2 toy dogs | 16. 66 |
| Toy airplane | 9. 95 |
| Sheets and pillow cases | 65. 66 |
| Staticmaster brush for phonograph | 17. 85 |
| "Angel" record album | 77. 25 |
| Black handbag | 50. 40 |
| Hat box | 11. 00 |
| Hat box | 16. 50 |
| "Shortrip" (luggage) | 16. 50 |
| Handbag | 27. 50 |
| Handbag | 39. 60 |
| Photo album | 9. 95 |
| Radio | 39. 98 |
| End table | 24. 95 |
| Hassock | 61. 20 |
| Zenith radio | 93. 76 |
| 2 pairs ladies' gloves | 8. 00 |
| Handbag | 49. 50 |
| Compact | 9. 00 |
| Portable typewriter | 84. 27 |
| RCA television | 125. 00 |
| RCA radio | 44. 75 |
| Ladies' umbrella | 7. 50 |
| Cigarette case | 10. 00 |
| Picture frames | 34. 00 |
| General Electric air conditioner | 321. 86 |
| 1 cashmere cardigan | 24. 50 |
| 1 cashmere slip-on | 18. 00 |
| 5 Ice Capades tickets | 15. 00 |
| 1 pair pajamas | 15. 00 |
| 6 pairs of shorts | 9. 00 |
| 2 ties | 30. 00 |
| 1 shirt | 11. 50 |
| 2 dolls | 11. 90 |
| Jakari game | 3. 95 |
| Suede jacket | 24. 95 |
| Jewelry | 8. 50 |
| Hand-knit sweater | 20. 40 |
| 2 record albums | 9. 23 |
| Diaper service | 26. 00 |
| 6 T-shirts | 21. 00 |
| 1 tie | 7. 50 |
| 1 shirt | 15. 45 |
| 3 rolls of film | 1. 52 |
| 11 handkerchiefs | 28. 33 |
| 1 roll of color film | 2. 04 |
| 3 golf balls | 3. 87 |
| Caddy | 10. 00 |
| 1 doll | 8. 00 |
| 1 toy poodle | 2. 50 |
| Pair of shoes | 15. 40 |

Samples of items purchased by Lloyd Klenert with United Textile Workers of America funds—Continued

| | |
|--|---------|
| 1 sweater, size 36 | \$28.79 |
| 1 robe | 16.50 |
| 1 pair pajamas | 10.00 |
| 1 pair shoes | 25.70 |
| 1 suit | 137.70 |
| 1 suit | 102.00 |
| 1 coat | 95.80 |
| 1 suit | 68.00 |
| Phonograph | 66.85 |
| 10 record albums | 56.78 |
| Original black coat | 200.00 |
| Black suit | 222.00 |
| Blue and white dress | 35.00 |
| 11 sun suits | 46.87 |
| Bathing suit | 15.15 |
| Beige dress | 100.00 |
| Blue dress | 71.95 |
| Candy | 26.58 |
| Hand-crocheted skirt and hand-knit sweater | 99.65 |
| 3 sweaters | 22.85 |
| 1 blazer | 16.95 |
| 1 raincoat | 19.95 |
| 1 coat | 55.00 |
| 2 skirts | 25.90 |
| 1 coat | 39.95 |
| 4 pajamas | 23.80 |
| 1 hat | 4.07 |
| 1 dress | 20.19 |
| 1 suit | 29.95 |
| 1 skirt | 7.90 |
| 2 pairs shoes | 19.47 |
| 2 dresses, size 9 | 77.20 |
| 3 sweaters | 92.55 |
| 1 dress | 18.49 |
| 1 pair Pediform shoes | 20.55 |
| 1 white dress | 92.65 |
| Trampoline lessons | 40.00 |
| 2 sets of shorts | 7.90 |
| 2 swimming suits | 11.96 |
| Linens | 83.28 |
| Beauty salon | 35.00 |
| White embroidered dress | 56.65 |
| 1 sweater | 23.64 |
| Children's clothes | 20.55 |
| 2 handbags | 14.69 |
| 1 navy dress | 135.00 |
| 1 white dress | 89.95 |
| 1 pair shoes | 26.73 |
| 2 brassieres | 3.61 |
| 9 pairs hose | 14.37 |
| 2 slips | 18.44 |
| 1 scarf | 9.27 |
| 12 pairs hose | 25.16 |
| Girdle, brassieres, and petticoat | 18.44 |
| Jewelry | 19.21 |
| 1 brassiere | 12.50 |

MR. KENNEDY. Did you find that Mr. Klenert purchased a rather large number of theater tickets?

MR. CALABRESE. Yes.

MR. KENNEDY. You did?

MR. CALABRESE. Yes.

MR. KENNEDY. In New York City?

MR. CALABRESE. Yes.

Mr. KENNEDY. For this 3-year period, could you tell the committee what the charges were to the union for the theater tickets that Mr. Klenert purchased during this 3-year period?

Mr. CALABRESE. Yes; the charges were \$11,411.

Mr. KENNEDY. \$11,411 worth of theater tickets?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Charged to the union?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Now, did you figure out or learn whether there were any particular shows that Mr. Klenert was interested in?

Mr. CALABRESE. Yes. There is one particular show, My Fair Lady, which indicates that he purchased \$2,564.65 worth of tickets.

Mr. KENNEDY. For My Fair Lady?

Mr. CALABRESE. Yes.

Mr. KENNEDY. This was also charged to the union?

Mr. CALABRESE. Yes, during a short period of time.

Mr. KENNEDY. Do you know how many visits to My Fair Lady that is?

Mr. CALABRESE. Approximately 24.

Mr. KENNEDY. Twenty-four visits?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. That would be \$100 apiece, would it not?

Mr. CALABRESE. In these visits, we have a certain amount of money expended and we don't know how many attended.

Mr. KENNEDY. But 24 different visits?

Mr. CALABRESE. Twenty-four different visits; that is correct.

Mr. KENNEDY. Do you have the records on the theater tickets that we could place in the record?

Mr. CALABRESE. Yes, we do.

Mr. KENNEDY. Do you have the union checks that paid for the theater tickets?

Mr. CALABRESE. Yes; I do.

Mr. KENNEDY. Could you identify those, please?

Mr. CALABRESE. I have in my hand here the canceled checks of the United Textile Workers of America, making payments to the Acme Theater Ticket Service in the amount of \$9,355.60. We have from the Acme Theater Ticket Service a list of the shows that Mr. Klenert purchased tickets to.

Mr. KENNEDY. Could you list some of those for us?

Mr. CALABRESE. Yes. It was January 28, 1956, the Alvin Theatre. No Time for Sergeants. February 4, 1956, Madison Square, Melrose, athletic games. February 21, 1956, Booth Theatre, Time Limit. March 23, 1956, My Fair Lady. April 28, 1956, My Fair Lady. August 30, 1956, My Fair Lady. August 6, 1956, the Imperial. Most Happy Fella. September 8, 1956, My Fair Lady. September 15, 1956, No Time For Sergeants. September 25, 1956, Ebbetts Field. The Dodgers. September 26, September 11, September 14, 18, 24, 27; October 3, My Fair Lady.

Senator CURTIS. All of that is in 1956?

Mr. CALABRESE. That is correct, sir.

Senator CURTIS. That should not be so hard to remember, then.

Mr. CALABRESE. October 13, 1956, again, My Fair Lady. October 20, 1956, 46th Street Theatre, Dam Yankees. October 20, 1956, Imperial, Most Happy Fella. October 24, 1956, Madison Square Garden,

Rangers versus Canadians. October 25, 1956, My Fair Lady. October 26, 1956, Music Box, Separate Tables. October 27, 1956, My Fair Lady.

Mr. KENNEDY. Mr. Chairman, could we have that list of some of the plays for which tickets were purchased with union funds made a part of the record?

You also have the checks that paid for all of these tickets?

Mr. CALABRESE. We have the checks, and the Acme Theatre Ticket Service ledger.

Mr. KENNEDY. How much does the Acme Theatre Ticket ledger show; what is that total?

Mr. CALABRESE. The union checks total \$9,355.60.

Mr. KENNEDY. Then there was another theater agency that was used?

Mr. CALABRESE. Yes; we have another theater ticket service.

Senator CURTIS. Without objection, those will be included in the record as exhibit 55.

(The documents referred to were marked Exhibit 55, for reference and will be found in the files of the select committee.)

Mr. CALABRESE. At the Richter Theatre Ticket Service, Mr. Klenert purchased tickets in the amount of \$2,030.35.

Mr. KENNEDY. Do you have the checks?

Mr. CALABRESE. I have the checks amounting to \$2,030.35, and these are the canceled checks of the United Textile Workers of America, in payment to the Richter Theatre Ticket Service.

I have here also the theater ticket service ledger sheets, indicating the theaters for which tickets were purchased during the 1954, 1955, and 1956 period.

Now, these indicated again, a number of tickets purchased primarily for shows, and a number of them, again, to My Fair Lady.

Mr. KENNEDY. Mr. Chairman, could we also have the records for these tickets from this other theater agency made a part of the record, and the letter indicating what shows were seen, and the checks, the union checks, that were used to pay for these tickets made a part of the record?

Senator CURTIS. They will be appropriately numbered and made a part of the record.

(The documents referred to were marked "Exhibit No. 56," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, the total from those two different theater agencies was \$11,411?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Did you also find during this 3-year period of time, 1954 to 1957, that Mr. Klenert traveled rather extensively and stayed at hotels in Florida in the winter and hotels in northern resorts in the summer, and that he took his family with him and the union paid for those charges?

Mr. HENIG. Yes, sir, we did.

Mr. KENNEDY. Could you tell us some of those?

Mr. HENIG. Yes, sir. On July 13, 1956, Mr. Klenert went to the Princess Hotel in Bermuda, with his wife, and stayed there until the 20th, and he incurred a bill of \$771.94, all of which was paid by the union.

He went to the Samoset Hotel——

Senator CURTIS. I want to ask you, to your knowledge, does the union have any locals in Bermuda?

Mr. HENIG. No, sir.

Senator CURTIS. Was that at a time of any convention of the union?

Mr. HENIG. No, sir.

Senator CURTIS. That is all.

Mr. KENNEDY. Would you tell us what other hotels?

Mr. HENIG. Yes, sir. Mr. Klenert and his wife and one of his children went to the Samoset Hotel, which is in Rockland, Maine, on the 21st of August 1956, and he stayed there until the 30th of August, and he incurred a bill of \$1,089.81, all of which was paid by the union.

Mr. Klenert and his wife and two children and a friend went to the Boca Raton Club in Boca Raton, Fla., on March 29, 1956, and he stayed there until April 9, 1956, and incurred a bill of \$2,254.96, all of which was paid by the union.

Mr. Klenert, accompanied by his wife and two children, went to the Balmoral Hotel in Miami Beach, Fla., on January 25, 1956, and he stayed there until February 7, 1956, and he incurred a bill of \$2,740.39, all of which was paid by the union.

He went to the Balmoral Hotel, again, on December 8, 1956, and he stayed there until the 16th of December and he was accompanied by his wife only at that time. He incurred a bill of \$1,118.21, all of which was paid by the union.

Mr. Klenert again went to the Balmoral Hotel on January 26, 1957, and he was accompanied by his wife, four children, and mother, and he stayed there until March 3, 1957, and he incurred a bill of \$5,920, of which Mr. Klenert paid \$600 and the remaining \$5,320 was paid by the union.

Mr. Klenert went to the Eden Roc Hotel, in Miami Beach, on November 8, 1956, and he stayed there until the 25th of November 1956, and he was there by himself, and he incurred a bill of \$1,008.65, all of which was paid by the union.

He again went to the Eden Roc Hotel on the first of January 1957, and he stayed there for 6 days, and he was there by himself. He incurred a bill of \$744.94, all of which was paid by the union.

He went to the Roney Plaza Hotel in Miami Beach, on January 1, 1956, and he stayed there 6 days by himself. He incurred a bill of \$601.89, all of which was paid by the union.

Mr. Klenert and his wife, and four children, and a maid went to the Blue Bay Motel in Miami Beach, on December 9, 1954, and stayed there until February 26, 1955, and he incurred a bill of \$3,598.28, of which \$2,740.79 was paid by the union.

Mr. KENNEDY. You have two of these marked with a friend. The friend had nothing to do with the union?

Mr. HENIG. As far as we know there was no connection with the union.

Senator CURTIS. Do you know the approximate age of the children referred to there?

Mr. HENIG. They were under 13, I believe. There are 4 children, and I think from 1 or 2 years to about 13 or 14.

Mr. KENNEDY. What was the total amount of the bills of which you questioned out of that?

Mr. HENIG. We questioned the payment by the union of \$18,391.58.

Mr. KENNEDY. Mr. Chairman, once again we have a list of these hotel bills, and the charges involved. I would like to have that made a part of the record, if we might.

Senator CURTIS. It will be put right into the record. It will be received, without objection.

(Document referred to follows:)

Questionable hotel charges of Lloyd Klenert, international secretary-treasurer, UTWA

| Hotel and location | Dates | | Guests | Amount of bill | Amount paid by UTWA |
|--------------------------------------|---------------|---------------|---------------------------------------|----------------|---------------------|
| | From | To | | | |
| Princess Hotel, Bermuda | July 13, 1956 | July 20, 1956 | Klenert and wife | \$771.94 | \$771.94 |
| Samoset Hotel, Rockland, Maine | Aug. 21, 1956 | Aug. 30, 1956 | Klenert, wife, and 1 child | 1,089.81 | 1,089.81 |
| Boca Raton Club, Boca Raton, Fla. | Mar. 29, 1956 | Apr. 9, 1956 | Klenert, wife, 2 children, and friend | 2,254.96 | 2,254.96 |
| Balmoral Hotel, Miami Beach, Fla. | Jan. 25, 1956 | Feb. 7, 1956 | Klenert, wife, and 2 children | 2,740.39 | 2,740.39 |
| Do. | Dec. 8, 1956 | Dec. 16, 1956 | Klenert and wife | 1,118.21 | 1,118.21 |
| Do. | Jan. 26, 1957 | Mar. 3, 1957 | Klenert, wife, 4 children, and mother | 5,920.00 | 5,320.00 |
| Eden Roc Hotel, Miami Beach, Fla. | Nov. 18, 1956 | Nov. 25, 1956 | Klenert only | 1,008.65 | 1,008.65 |
| Do. | Jan. 1, 1957 | Jan. 6, 1957 | do. ¹ | 744.94 | 744.94 |
| Roney Plaza Hotel, Miami Beach, Fla. | Jan. 1, 1956 | Jan. 6, 1956 | Klenert ² | 601.89 | 601.89 |
| Blue Ray Motel, Miami Beach, Fla. | Dec. 19, 1954 | Feb. 26, 1955 | Klenert, wife, 4 children, and maid | 3,598.28 | 2,740.79 |
| Total | | | | 19,849.07 | 18,391.58 |

¹ Includes \$100 hotel charges for a friend.

² Includes \$131.02 hotel charges for a friend.

Mr. KENNEDY. Did you also find during this period of time, by the books and the records of the union which were in existence, or have you also made a check of the travel that Mr. Klenert has charged to the union?

Mr. CALABRESE. We did.

Mr. KENNEDY. Have you made a list or summary of the questionable items on his travel?

Mr. CALABRESE. We have.

Mr. KENNEDY. Now, this is by no means the total number of items, these are the ones that you questioned, is that right?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Just as the hotel bills are the ones that you questioned, rather than the total items. He was down in Florida at other times and stayed at other hotels and stayed at some of these hotels, but these items you did not question, is that right? You felt they were legitimate items?

Mr. HENIG. That is right.

Mr. KENNEDY. These items that you have listed for us are items that you questioned?

Mr. HENIG. Yes, sir.

Senator CURTIS. Now, with all of these figures in reference to hotels, the information from which you made up this list, was that obtained entirely from the union records?

Mr. HENIG. No, sir, it was not.

Senator CURTIS. Where else did you go?

Mr. HENIG. We obtained the information from the hotel records. The union records did not contain any of the information concerning hotel travel other than the checks.

Senator CURTIS. This sheet that has just been received in evidence lists all of these hotels. Did you check with each one of them?

Mr. HENIG. Yes, sir.

Senator CURTIS. That is all.

Mr. KENNEDY. Now, the questionable air transportation, could you tell the committee about that, from an examination of the records of the union that are still in existence, and from the bank checks?

Mr. CALABRESE. From that, we were able to subpoena the appropriate airlines, the National Airlines, and Pan American Airways, Eastern Airlines, and the American Airlines. We obtained the tickets and information making up this summary which I have here. We questioned the air transportation charges of Lloyd Klenert from approximately March of 1955 to 1957, and from all four airlines that we mentioned a total of \$1,897.67 was found.

Mr. KENNEDY. Included in these trips, were there friends of Mr. Klenert's?

Mr. CALABRESE. Yes, sir.

Mr. KENNEDY. And relatives of Mr. Klenert's?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Various trips by his children?

Mr. CALABRESE. Yes, with his children, where he made trips with his children.

Mr. KENNEDY. And the union paid for the children's transportation?

Mr. CALABRESE. The union was charged for the children's transportation, and his relatives, and his friends.

Mr. KENNEDY. And his wife's transportation?

Mr. CALABRESE. And his wife's transportation.

Mr. KENNEDY. And his mother's transportation?

Mr. CALABRESE. Yes, sir, and this amounted to \$1,804.52.

Mr. KENNEDY. There were a number of trips by his children and his mother and his wife from Washington, D. C., to Miami that the union paid for; is that right?

Mr. CALABRESE. Yes; that is right.

Mr. KENNEDY. Can you find any authority in the minutes of the executive board of the textile union that gives authority to pay for the transportation of Mrs. Klenert or Mr. Klenert's children or Mr. Klenert's mother?

Mr. CALABRESE. I could find no authority, and Mr. Valente, when I spoke to him, could quote no authority for this.

Mr. KENNEDY. Mr. Chairman, we have a list of those items of air transportation that the staff has found to be questionable, and I would like to have that placed in the record.

Senator CURTIS. Without objection, it is so ordered.

(Document referred to follows:)

UTWA—Summary of questionable air transportation charges of Lloyd Klenert

| Dates (leave and return) | Location ¹ | Amount |
|---|---|-----------------|
| National Air Lines: | | |
| Mar. 12 to 16, 1955..... | Washington, D. C., to Miami..... | \$132.33 |
| Nov. 8 to 16, 1955..... | do..... | 139.26 |
| Jan. 25 to Feb. 8, 1956..... | do..... | 139.26 |
| Feb. 3 to 4, 1956..... | Miami to New York City..... | 160.38 |
| Nov. 11 to 25, 1956..... | Washington, D. C., to Miami..... | 132.33 |
| Dec. 8 to 16, 1956..... | do..... | 132.33 |
| Jan. 1 to 6, 1957..... | do..... | 132.33 |
| Jan. 26 to Feb. 2, 1957..... | do..... | 132.33 |
| Feb. 18 to 20, 1957..... | do..... | 132.33 |
| Feb. 26 to Mar. 2, 1957..... | do..... | 132.33 |
| Open..... | Miami, to New York City*..... | 84.37 |
| Total..... | | 1,449.58 |
| Pan American Airways: July 13 to 22, 1956..... | Washington, D. C., to Bermuda..... | 135.30 |
| Eastern Air Lines: | | |
| Dec. 8, 1956..... | New York City, to Miami*..... | 84.37 |
| Feb. 8 to 20, 1957..... | Washington, D. C., to Miami..... | 132.33 |
| Total..... | | 216.70 |
| American Air Lines: | | |
| Aug. 21 to 31, 1956..... | Washington, D. C., to Rockland, Maine..... | 81.02 |
| Do..... | Washington, D. C., to Rockland, Maine (excess baggage)..... | 15.07 |
| Total..... | | 96.09 |
| Total, all airlines..... | | 1,897.67 |

¹ All tickets are round trip unless indicated by asterisk.*UTWA—Summary of questionable air-transportation charges paid by UTWA for family and friends of Lloyd Klenert*

| Period (leave and return) | Locations ¹ | Person | Amount |
|---|---|-------------------------------|-----------------|
| American Air Lines: | | | |
| Sept. 21, 1955–Oct. 22, 1955..... | Washington, D. C., to New York City..... | Mrs. L. Klenert..... | \$27.28 |
| Nov. 22, 1955–Nov. 23, 1955..... | do..... | do..... | 15.84 |
| June 30, 1956–open..... | New York City, to Washington, D. C..... | Abrams (relative)..... | 30.14 |
| Aug. 21, 1956–Aug. 31, 1956..... | Washington, D. C., to Rockland, Me..... | Mrs. L. Klenert..... | 60.28 |
| Do..... | do..... | Klenert child (Steven)..... | 39.49 |
| Sept. 22, 1956–Sept. 23, 1956..... | New York City, to Washington, D. C..... | Friend..... | 30.14 |
| Mar. 22, 1957–Mar. 23, 1957..... | Washington, D. C., to New York City..... | Mrs. L. Klenert..... | 30.14 |
| | | | 233.31 |
| Pan American Airways: July 13, 1956–July 22, 1956..... | Washington, D. C., to Bermuda..... | do..... | 135.30 |
| National Air Lines: | | | |
| Jan. 8, 1955..... | Miami to New York City ¹ | M. Yeslow (relative)..... | 48.40 |
| Feb. 26, 1955..... | do ¹ | Mr. J. Dugan..... | 84.37 |
| Mar. 11, 1955–open..... | New York City to Miami..... | Friend..... | 111.10 |
| Nov. 8, 1955–Nov. 16, 1955..... | Washington, D. C. to Miami..... | Mrs. L. Klenert..... | 69.63 |
| Nov. 23, 1955–Nov. 27, 1955..... | New York City to Miami..... | Friend..... | 160.38 |
| Do..... | do..... | Friend (child)..... | 80.19 |
| Jan. 25, 1956–Feb. 8, 1956..... | Washington, D. C. to Miami..... | Klenert child (Kathy)..... | 66.17 |
| Do..... | do..... | Klenert child (Steven)..... | 66.17 |
| Do..... | do..... | Mrs. L. Klenert..... | 69.63 |
| Dec. 8, 1956–Dec. 16, 1956..... | do..... | do..... | 132.33 |
| Jan. 26, 1957–Mar. 1, 1957..... | do..... | Klenert child (Kathy)..... | 66.17 |
| Do..... | do..... | Klenert child (Bonnie)..... | 66.17 |
| Do..... | do..... | Klenert child (Steven)..... | 66.17 |
| Do..... | do..... | Mrs. L. Klenert..... | 132.33 |
| Open–open..... | Miami to New York City ¹ | Mrs. E. Klenert (mother)..... | 84.37 |
| | | | 1,303.58 |
| Eastern Air Lines: Feb. 8, 1957–Feb. 20, 1957..... | Washington, D. C. to Miami..... | do..... | 132.33 |
| Total, all airlines..... | | | 1,804.52 |

¹ All tickets are round trip unless indicated as one way.

Senator CURTIS. I would like to ask about this. This information is obtained both from union records and the airline records?

Mr. CALABRESE. That is correct, sir.

Senator CURTIS. You have checked each item as to what information you found in each place?

Mr. CALABRESE. That is correct.

Mr. KENNEDY. Do you have records on those items, too?

Mr. CALABRESE. We do.

Mr. KENNEDY. You also have the records on the hotels that you have mentioned, and I think that we should make those an exhibit for reference, Mr. Chairman, and also the ones for the air transportation.

Senator CURTIS. Without objection, they will be appropriately numbered as exhibit 57, and received as exhibits, for reference.

(The documents referred to were marked "Exhibit 57," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. That would be the hotel bills, plus the canceled checks from the union, and you have verified all of these?

Mr. CALABRESE. That is correct. They are all in that box: yes, sir.

Mr. KENNEDY. I just have a couple of other matters that I wanted to bring up.

I wanted to ask you about some of these items, what we have called a summary of the improper use of United Textile Workers of America funds, by Lloyd Klenert, and Anthony Valente. We have gone over the first four items, the UTWA funds to purchase new homes, the air-conditioning, and the paid-outs.

Now you have here a list of a figure of \$2,003 for Diner's Club, credit card. What is that? Would you explain that?

Mr. HENIG. Yes, sir. Mr. Valente and Mr. Klenert are both holders of Diner's Club credit cards, a credit-rendering agency, and Mr. Klenert, through the use of this card, was able to purchase \$2,003 in items from a store in Washington, D. C. It is a leather-goods shop in Washington, D. C. The items are mostly women's handbags, luggage, and some of the others things we have mentioned.

Mr. KENNEDY. What is the Diner's Club ordinarily used for?

Mr. HENIG. Basically, it is used for restaurant charges, and certain hotel charges, and it keeps a person from carrying a lot of cash around when he is traveling. He can use the credit facilities of the Diner's Club. It can be used for many stores for purchases of merchandise.

Senator CURTIS. This item of \$2,003, none of that is for meals?

Mr. HENIG. None of that is for meals; no, sir.

Senator CURTIS. That is all in one store?

Mr. HENIG. All in one store, and all merchandise.

Senator CURTIS. Where is the store located?

Mr. HENIG. Camalier & Buckley, it is on Connecticut Avenue, in Washington, D. C.

Senator CURTIS. Do you know what year that was?

Mr. HENIG. Yes, sir, it is from 1954 through January of 1957.

Senator CURTIS. Do you have the records there?

Mr. HENIG. Yes, sir.

Senator CURTIS. Give us some of the 1957 items, and we may want to inquire about them.

Mr. HENIG. Senator, you wanted these items?

Senator CURTIS. Yes.

Mr. HENIG. You wanted the 1956 purchases: did you say?

Mr. KENNEDY. Anything you have in 1957.

Senator CURTIS. Anything in 1957, or the last part of 1956. What I want to do, I want to have some of these men explain about these.

Mr. HENIG. I have a sales ticket from Camalier & Buckley, date of the sales ticket is December 6, 1956, and these are the items purchased: 1 handbag, \$35; 1 handbag, \$25; 1 handbag, \$35; 2 picture frames at \$17 each, \$34.

It looks like three folding frames for \$9.50 and a tax of \$2.09.

This makes a total of \$140.59.

Senator CURTIS. That all appears on the same day?

Mr. HENIG. That was all on the same sales ticket, on December 6.

On the same date, December 6, 1956, I have a purchase of 1 pair of ladies' gloves, \$4; 1 pair of ladies' gloves, \$5; 1 pair of ladies' gloves, \$6.50; tax of 31 cents, a total of \$15.81.

On November 6, 1956, I have a sales ticket from Camalier & Buckley showing a purchase of 2 pairs of ladies' gloves, \$8.50 apiece, total \$17; 1 ladies' umbrella, \$7.50; and 1 cigarette case, \$10; tax of 69 cents or a total of \$35.19.

On September 20, 1956, I have a Camalier & Buckley sales ticket showing a purchase of 1 handbag for \$35, with Federal and State and local tax, \$39.20 total.

On the same date, September 20, 1956, I have a purchase of a globe for \$25; a wastepaper basket for \$21, a wallet for \$5, and a tray for \$35, and the total is \$88.22, with tax.

Senator CURTIS. Those were all in 1956?

Mr. HENIG. They are all from September 20 up to, I believe, December 6, 1956.

Senator CURTIS. Do there happen to be any there for 1957?

Mr. HENIG. No, sir; we don't have any for 1957, and we don't have the sales tickets.

Mr. KENNEDY. At hotels you have items for 1957.

Senator CURTIS. I am talking about this Diner's Club.

At each one of these instances, you have traced through to find that the payment was actually made by the union?

Mr. HENIG. Yes, sir. We have checks here by the United Textile Workers of America, to the Diner's Club, sir, totaling \$8,711.44 for the period May 7, 1954, through March 26, 1957.

Senator CURTIS. But these detailed items that you read, they are included in this item of \$2,003?

Mr. HENIG. Yes, sir.

Senator CURTIS. And which you have listed in the category as personal items for merchandise obtained by Mr. Klenert?

Mr. HENIG. That is right, sir. The items I just read off were included in that \$2,003 total.

Mr. KENNEDY. Did you also find, not only in the Diner's Club, there was also a practice and procedure followed by Mr. Klenert with the use of a trip-charge card that he had?

Could we have these records made a part of the record, Mr. Chairman, the ones dealing with the Diner's Club?

Senator CURTIS. Without objection, it is so ordered. That will be marked "Exhibit 58," for reference.

(The document referred to was marked "Exhibit 58," for reference and may be found in the files of the select committee.)

Mr. HENIG. Trip-Charge, Inc., is a credit rendering agency very similar to the Diner's Club. In fact, they have sold a number of their accounts to the Diner's Club. Mr. Klenert made quite a bit of use of Trip-Charge, Inc., credit cards. He purchased \$1,776 worth of merchandise which was charged to the union and paid by the union.

He also used Trip-Charge facilities for paying some of his Florida hotel bills, which is not included in that \$1,776 total.

Mr. KENNEDY. So it is the same practice and procedure followed with this?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. And these were personal items?

Mr. HENIG. Yes, sir.

Senator CURTIS. Then I notice there is a lesser item for Mr. Valente on the Trip-Charge of \$172, and the total is \$1,948. When you say these were paid by the union, how were they paid by the union, in cash or in check?

Mr. HENIG. By check, sir. We have the canceled checks.

Senator CURTIS. How many signatures are on each check?

Mr. HENIG. Mr. Klenert has a card and Mr. Valente has a card. There is only one signature on the union check, Mr. Lloyd Klenert's signature. He is the only one authorized to sign the checks for the union.

Mr. KENNEDY. What have you found to be the procedure as far as his bills that are submitted to the union?

Mr. HENIG. We were told by Mrs. LaPlaca, who is the union's bookkeeper, that when bills for hotels, Diner's Club or Trip-Charge came into the union she gives the entire bill to Mr. Klenert, or if the hotel bill pertains to Mr. Valente, she gives it to Mr. Valente. Mr. Klenert then would give her back only the covering statement for the last sheet of the hotel bill which stated the amount due, and she would draw a check for that amount, and that constituted the voucher in the union's files, just that one statement saying "\$480 due," or something like that. But there was no detail indicating the type of purchases at the hotel or the details showing the type of purchases that through Diner's Club or Trip-Charge, Inc. Just the covering statement.

Mr. KENNEDY. So it would be Mr. Klenert who would check the bills of Mr. Klenert to determine whether they should be paid by the union or not?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. And it would be Mr. Valente to check the bills of Mr. Valente to determine whether they were proper and should be paid by the union?

Mr. HENIG. The hotel bills of Mr. Valente, yes, sir.

Mr. KENNEDY. And also the Trip-Charge and the Diner's Club?

Mr. HENIG. We are told that Mr. Klenert checked the Trip-Charge and Diner's Club charges.

Mr. KENNEDY. Of both Mr. Valente and Mr. Klenert?

Mr. HENIG. They would only come in in one bill.

Mr. KENNEDY. But Mr. Klenert would be the one to check his own bill, is that right?

Mr. HENIG. Yes, sir. He would check his own bill.

Mr. KENNEDY. You have here an item of the discount on the purchase of cars for the UTWA, taken by Klenert and Valente.

Mr. Chairman, we have some witnesses on this matter, but in the interest of expediting the hearing, Mr. Calabrese can testify as to what information we have, or we can put the witnesses on. I do not think we can finish by a quarter to 12.

Senator CURTIS. I think we better have the best evidence we have regardless of time.

Are the witnesses here?

Mr. KENNEDY. Yes, the witnesses are here. We can put the witness on.

Senator CURTIS. I think we should, where we have the witnesses.

Mr. KENNEDY. Have you made these records on the Trip-Charge a part of the record?

Mr. HENIG. They have been made a part of the record for reference.

Mr. KENNEDY. Have they been made an exhibit, and the canceled checks? I don't believe so.

Mr. Chairman, could we have the records on the Trip-Charge and the canceled checks made a part of the record, the union canceled checks, to be made an exhibit for reference?

Senator CURTIS. They will be appropriately numbered and received as part of the record, for reference.

(The documents referred to were marked "Exhibit 59," for reference and may be found in the files of the select committee.)

Mr. KENNEDY. You have rental of cars at Miami Beach, \$2,134, while at hotels?

Mr. HENIG. Yes, sir. On the hotels we previously checked, we found that Mr. Klenert would rent the car, usually a Cadillac convertible, while in Florida. We questioned the rental of those cars. The total amount for the 3-year period was \$2,134 in all paid by the union.

Mr. KENNEDY. Was that the total amount of automobile charges that he had while in Miami, or did he have other charges beyond that?

Mr. HENIG. These are only for the periods that we questioned the hotel bills.

Mr. KENNEDY. They are only for the particular periods in which the hotel bills were questioned?

Mr. HENIG. That is right, sir.

Mr. KENNEDY. So there were other car charges that you did not put in here under questionable items, is that right?

Mr. HENIG. That is right.

Mr. KENNEDY. So the total for Klenert, the discount on cars still to be explained, the total on Klenert is \$101,963, is that right?

Mr. HENIG. That is right.

Mr. KENNEDY. And the total on Mr. Valente is \$26,442?

Mr. HENIG. Yes, sir.

Mr. KENNEDY. Making a total of \$128,405, is that right?

Mr. HENIG. That is right, sir.

Mr. KENNEDY. Of which \$57,000 has been returned to the union on August 26, 1952?

Mr. HENIG. That is right, sir.

Mr. KENNEDY. And that \$57,000 was returned after the investigation made by Mr. George Meany, is that right?

Mr. HENIG. That is correct.

Mr. KENNEDY. That is the \$57,000 which we discussed yesterday, where Mr. Klenert and Mr. Valente went and borrowed some \$111,000, or got \$111,000, to make this payment back to the union?

Mr. HENIG. That is right.

Mr. KENNEDY. Could we have this made a part of the record, Mr. Chairman?

Senator CURTIS. Without objection, it is so ordered.

(Document referred to follows:)

*Summary of improper use of United Textile Workers of America funds by
Lloyd Klenert and Anthony Valente*

| Description | Klenert | Valente | Combined |
|--|-----------------------|-----------------------|-----------------------|
| Use of UTWA funds to purchase new homes..... | ¹ \$33,000 | ¹ \$24,000 | ¹ \$57,000 |
| Use of UTWA funds to furnish new home with TV and piano..... | 3,000 | ----- | 3,000 |
| Use of UTWA funds to install air-conditioning equipment in new home..... | 1,000 | 1,000 | 2,000 |
| Hotel paid-out charges—for cash advances, clothes, etc..... | 30,036 | 670 | 30,706 |
| Use of Diner's Club credit card to obtain personal items..... | 2,003 | ----- | 2,003 |
| Use of Trip-Charge, Inc., credit card to obtain personal items..... | 1,776 | 172 | 1,948 |
| Questionable hotel charges in Miami Beach, Bermuda, and Maine..... | ² 13,118 | ----- | 13,118 |
| Questionable air travel..... | 3,702 | ----- | 3,702 |
| Discount on purchase of cars for UTWA taken by Klenert and Valente..... | 783 | 600 | 1,383 |
| Rental of cars while at hotels in Miami Beach..... | 2,134 | ----- | 2,134 |
| Purchase of theater tickets..... | 11,411 | ----- | 11,411 |
| Total..... | 101,963 | 26,442 | 128,405 |

¹ Approximate amount—paid back to UTWA on Aug. 26, 1952.

² Does not include that portion of hotel bill already included in the hotel paid-out category.

Mr. KENNEDY. Mr. Lynham.

(Members present at this point: Senators Ervin and Curtis.)

Senator CURTIS. Will you raise your right hand and be sworn?

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LYNHAM. I do, sir.

TESTIMONY OF RICHARD L. LYNHAM

Senator CURTIS. State your name, please.

Mr. LYNHAM. Richard L. Lynham.

Senator CURTIS. What is your business?

Mr. LYNHAM. I am the general manager of Moore-Greer Motors, Inc., a Lincoln-Mercury dealer at 4400 Connecticut Avenue.

Senator CURTIS. Here in Washington?

Mr. LYNHAM. Yes, sir.

Senator CURTIS. Proceed, Counsel.

Mr. KENNEDY. In 1955, Mr. Lynham, did Mr. Klenert and Mr. Valente make arrangements to purchase two automobiles?

Mr. LYNHAM. Yes, sir.

Mr. KENNEDY. They made arrangements to buy two Lincoln convertibles, is that right?

Mr. LYNHAM. That is correct, sir.

Excuse me a moment. One was a hardtop coupe and the other was a convertible.

Mr. KENNEDY. Which one was going to have the convertible?

Mr. LYNHAM. Well, of course, the 1955 cars, Mr. Kennedy, were registered in the name of the union.

Mr. KENNEDY. Do you know which, Mr. Klenert or Mr. Valente, received the convertible?

Well, it is not important.

Mr. LYNHAM. I can find out for you.

Mr. KENNEDY. One was a hardtop and the other was a convertible, is that right?

Mr. LYNHAM. I believe at the time, unless I am mistaken, we had another transaction later on, but the original transactions were both convertibles. You are correct, yes.

Mr. KENNEDY. They were both convertibles?

Mr. LYNHAM. Yes. In January of 1955, yes, sir.

Mr. KENNEDY. At that time, the cars were to be purchased in the name of the United Textile Workers?

Mr. LYNHAM. The new cars, yes, sir.

Mr. KENNEDY. The new automobiles. At that time, Mr. Klenert and Mr. Valente both had automobiles of their own?

Mr. LYNHAM. That is correct.

Mr. KENNEDY. Did you make arrangements for them to trade in their automobiles?

Mr. LYNHAM. We purchased their trade-in's.

Mr. KENNEDY. How much did you purchase those trade-in's for?

Mr. LYNHAM. We purchased Mr. Klenert's 1953 convertible for \$2,100, and we purchased Mr. Valente's 1953 for the \$2,000.

Mr. KENNEDY. Mr. Klenert's for \$2,100?

Mr. LYNHAM. That is correct.

I beg your pardon. That is what the value of the car was. I am sorry. We purchased the car for \$3,200 for Mr. Klenert. We gave him \$3,200 outright for his 1953 Lincoln.

Mr. KENNEDY. That was cash, was it?

Mr. LYNHAM. That was a check made out to him personally.

Mr. KENNEDY. It was worth \$2,100 and you gave him \$3,200?

Mr. LYNHAM. That is correct.

Mr. KENNEDY. And Mr. Valente's car was worth \$2,000 and you gave him how much?

Mr. LYNHAM. We gave him \$3,000, and the check was made out to Mr. Valente.

Mr. KENNEDY. How much was his car worth?

Mr. LYNHAM. His car was worth \$2,000.

Mr. KENNEDY. How much did you give him—to Mr. Valente?

Mr. LYNHAM. We gave him \$3,000.

Mr. KENNEDY. Was the reason that you gave him these prices because of the fact that they were purchasing two new cars?

Mr. LYNHAM. That is correct, sir.

Mr. KENNEDY. Ordinarily, the procedure would be that the discount would come off the automobiles that were being purchased, is that correct?

Mr. LYNHAM. Well, the normal procedure, Mr. Kennedy, would be that the \$1,000 and \$1,100, respectively, would be used in the form of an overallowance, as we call it in the automobile business. In other words, showing the transaction as an allowance of \$3,200 and \$3,000, respectively.

Mr. KENNEDY. So that would be charged against the purchase of the new cars; is that right?

Mr. LYNHAM. That is correct.

Mr. KENNEDY. Or credited to the purchase of the new cars.

Mr. LYNHAM. That is correct. In other words, it would be in the form of a discount, actually, if you want to look at it that way, on the new cars.

Mr. KENNEDY. How much would these new Lincoln convertibles cost?

Mr. LYNHAM. They sold for about \$5,500; \$5,501 for this one; \$5,500.

Mr. KENNEDY. So you were willing to sell the convertible to the union, Mr. Klenert's convertible to the union, for \$4,400; is that right?

Mr. LYNHAM. That is correct, deducting the \$1,100.

Mr. KENNEDY. The discount?

Mr. LYNHAM. Yes, sir.

Mr. KENNEDY. And you would be willing to have sold the convertible to the union for Mr. Valente for \$4,500; is that right?

Mr. LYNHAM. Yes, sir.

Mr. KENNEDY. But instead you sold these two convertibles to the union for Mr. Klenert and Mr. Valente for \$5,500 apiece?

Mr. LYNHAM. At full list price; yes, sir.

Mr. KENNEDY. Tell me this. If Mr. Klenert and Mr. Valente hadn't had cars to trade in, and the union had come along and wanted to purchase 2 new automobiles, and Mr. Klenert and Mr. Valente didn't have automobiles to trade in, how much would you have sold those 2 automobiles, those 2 Lincoln convertibles, to the union for, approximately?

Mr. LYNHAM. They would have been able to have gotten the same deal that they got, regardless of their trades.

Mr. KENNEDY. So the union was entitled to a saving there of approximately \$2,000; is that right?

Mr. LYNHAM. That is correct.

Mr. KENNEDY. And instead of the \$2,000 being credited to the union, Mr. Klenert and Mr. Valente received that \$2,000?

Mr. LYNHAM. Yes, sir.

Mr. KENNEDY. We have listed here, Mr. Chairman, the lesser figure, of \$783 for Mr. Klenert and \$600 for Mr. Valente, just to make sure that we were conservative in the figures, and there is a question whether there would be \$2,000 or \$1,800.

Mr. LYNHAM. In the figures you have there, Mr. Kennedy, there is a difference between what we retail the two 1953 Lincolns for and what their actual wholesale value, at least to us, was.

Mr. KENNEDY. But the figure we have here is approximately \$1,400 or \$1,500, when the figure is probably closer to \$2,000; is that correct?

Mr. LYNHAM. That is correct.

Mr. KENNEDY. And that should have been credited to the union?

Mr. LYNHAM. That is correct.

Senator CURTIS. Did you know at the time it was not being credited to the union?

Mr. LYNHAM. Sir?

Senator CURTIS. Was it known at the time it was not being credited to the union?

Mr. LYNHAM. I don't know, sir. I was not the general manager of Moore-Greer Motors at the time. I was not there, working there, in 1955.

Senator CURTIS. That is all.

Mr. KENNEDY. Thank you.

Mr. Chairman, there was some testimony here by Mr. Klenert regarding some money that he spent down in Dan River, Va. We have two affidavits on that matter that I would like to get put into the record, if we could.

Senator CURTIS. Let me see them.

Mr. KENNEDY. There was a question of \$2,500 in checks, one \$2,500 check made out, I believe, on June 16, 1952, which was charged to organizing expenses in Dan River, Va. At that same period of time, there was another \$2,500 check that was charged to organizing expenses up in Canada. So there were two checks totaling \$5,000.

At the same time, on June 16, or thereabouts, Mr. Klenert purchased five \$1,000 cashier checks, and there was some evidence to the staff that the two \$2,500 checks had been used to purchase these five \$1,000 cashiers checks, which were then used to make personal purchases for Mr. Klenert and Mr. Valente, namely an air conditioner, a piano, and other items.

Mr. Klenert, when he testified, said he spent the \$2,500 that was used in Dan River, Va., in organizing expenses, and the other went to Jacque, according to Mr. Valente. We have some affidavits from people who were down in Dan River at the time, which indicate the money might not have gone to Dan River, Va.

It is not perhaps necessary to read them in, to take the time. But could we have them made an exhibit for the record?

Senator CURTIS. Have copies been furnished to them?

Mr. KENNEDY. No; they have not. Perhaps they would like to review them, first, and then they can be made an exhibit.

Senator CURTIS. Did you intend to interrogate him about these?

Mr. KENNEDY. If we have time, I would like to.

Senator CURTIS. In the interest of saving time, both affidavits will be received into the record, but Mr. Klenert and his counsel will have an opportunity to examine them before any interrogation is made in reference to them, and also afforded an opportunity to comment on them after they have had time to see them.

(Documents referred to follow:)

AFFIDAVIT

I, Emanuel Boggs, age 50, of 111 Hanover Place, Danville, Va., being first duly sworn, depose and say:

1. That from August 1948 to May 1952 I was joint board director of Pittsylvania County Joint Board, Textile Workers Union of America, CIO, Danville, Va.; that from May 1952 until July 1, 1957, I was joint board manager of South Virginia Joint Board, Danville, Va., affiliated with United Textile Workers of America, AFL, which is the successor to the first-named organization and that during this entire period my activities were as director of the local union of textile workers in the Danville area and primarily of employees of Dan River Mills who were union members.

2. That this affidavit is made at the request of counsel for the Senate Select Committee on Improper Activities in the Labor or Management Field and I understand that it is to be read in connection with the present hearings by said committee with reference to said investigation and specifically with reference to the testimony of Lloyd Klenert, secretary-treasurer of United Textile Workers of America, AFL-CIO.

3. That I have observed from newspaper accounts of said hearings that Mr. Klenert on July 17, 1957, testified that on June 16, 1952, he came to Danville, Va. and distributed \$2,500 in cash to employees of Dan River Mills to induce them to leave the CIO and join the AFL.

4. I was in Danville on June 16, 1952. I have checked all available records to

determine whether or not Mr. Klenert was in Danville on or about said date. Mr. Klenert was not in Danville on June 16, 1952, in any official capacity and I did not see him in Danville on or about said date at any place. From May to October 1952, a campaign was undertaken in Danville among the employees of Dan River Mills who were members of the CIO to persuade them to join the AFL. There were various meetings at the union hall on Patton Street in Danville, Va., and leaflets were distributed at the various gates of Dan River Mills in this city. I actively participated in the meetings and supervised, insofar as possible, the distribution of leaflets and all other organizational activities. The local union was assisted by organizations of United Textile Workers of America, AFL, from other points, but I did not see Mr. Klenert in Danville or have any knowledge of his being here at any time until October 6, 1952.

5. My daily desk calendar for 1952 shows that on October 6 Mr. Klenert and George Baldanzi, who was at that time director of organization for United Textile Workers of America, AFL, appeared to address a meeting of union stewards at the union headquarters, 709 Patton Street, Danville, Va. I know that Mr. Klenert did not arrive until the day of the meeting; as I had attended a staff meeting with him at Greensboro, N. C., at 2:30 p. m. of the same day. I am not sure, but I do not believe that he stayed overnight in Danville. In any event, I am certain that he had left Danville the next day.

6. That the only opportunity that Mr. Klenert would have had to distribute any funds in Danville would have been at the stewards' meeting. I was present at all times at this meeting and no cash was distributed by Mr. Klenert or anyone else.

7. I further certify that during the entire campaign from May to October 1952 no cash was distributed by the union or by any member or officer thereof to my knowledge for organizational purposes or for any other purpose in connection with the organizing campaign.

8. That since reading Mr. Klenert's testimony in the newspapers at the Senate hearing, I have talked with the present members of the executive board of the South Virginia Joint Board, most of whom were active in the 1952 campaign, and to other members of the union who were members of the CIO in 1952; that each individual I have talked to has stated that he did not receive any cash from Mr. Klenert or any other person in connection with the campaign and that he has no knowledge of anyone else receiving any cash from Mr. Klenert or anyone else in connection with the campaign.

Given under my hand this 24th day of July 1957.

EMANUEL BOGGS, *Affiant*.

Subscribed and sworn to before me at Danville, Va., this 24th day of July 1957 by Emanuel Boggs personally known to me.

My notarial commission expires November 8, 1957.

[SEAL]

HERMAN G. KOPLIN, *Notary Public*.

AFFIDAVIT

I, Max Boger, of Danville, Va., being first duly sworn, depose and say:

1. That I am 58 years of age and reside at 138 Fairfield Avenue, Danville, Va.; that I am an employee of Dan River Mills, Inc., and am president of the South Virginia Joint Board, affiliated with United Textile Workers of America, AFL-CIO, Danville, Va.

2. That this affidavit is made in connection with the Senate Select Committee on Improper Activities in the Labor or Management Field and I understand that it is to be read in connection with the present hearings by said committee with reference to said investigation and specifically with reference to the testimony of Lloyd Klenert, secretary-treasurer of United Textile Workers of America, AFL-CIO.

3. That from May to October 1952, I was a member of the executive board of the South Virginia Joint Board of the United Textile Workers of America, AFL, and that I was active in the campaign to persuade Dan River Mills' employees to vote to change their affiliation from Textile Workers Union of America, CIO to United Textile Workers of America, AFL.

4. That I recall the occasion in 1952 when Mr. Lloyd Klenert accompanied by Mr. George Baldanzi, director of organization for United Textile Workers of America, AFL, addressed a stewards' meeting at the union hall in Danville, Va.; that this was the only occasion in 1952 when I saw Mr. Klenert in Danville. That

no cash was distributed by him or by anyone else at the stewards' meeting and that no cash was distributed to anyone by anyone during the entire campaign so far as I know; that since newspaper accounts of Mr. Klenert at the present hearing have appeared, I have talked with most of the members of the executive board of South Virginia Joint Board and a substantial number of union members who are employees of Dan River Mills, who were active in the 1952 campaign, that all of them have stated to me that they did not receive any cash from anyone in connection with the campaign and that they do not know of anyone else who received any cash from anyone in connection with the campaign.

Given under my hand this 24th day of July 1957.

MAX ROGER, *Affiant*.

Subscribed and sworn to before me at Danville, Va., this 24th day of July 1957 by Max Roger, personally known to me.

[SEAL]

HERMAN G. KOPLIN,
Notary Public.

My notarial commission expires November 8, 1957.

MR. KENNEDY. Mr. Klenert, would you resume the stand?
(Members present at this point: Senators Ervin and Curtis.)

**TESTIMONY OF LLOYD KLENERT, ACCOMPANIED BY COUNSEL,
JAMES M. McINERNEY—Resumed**

Senator CURTIS. Mr. Klenert, you understand that, having been previously sworn, you are continuing to testify under oath.

MR. KLENERT. Yes, sir.

MR. KENNEDY. Mr. Klenert, I want to just go back one moment to your explanation and your discussion of Jacques up in Canada and this \$7,500 that you stated that you gave to him for the work that was done up in Canada to keep the Communists out of the plant. Were you in Canada in June of 1952 at all?

MR. KLENERT. I was there on two occasions in 1952 for various times on both occasions.

MR. KENNEDY. Were you there in June of 1952, Mr. Klenert?

MR. KLENERT. I think my diary would show if I was.

MR. KENNEDY. You don't know, yourself?

MR. KLENERT. Offhand I don't recollect whether it was June 1952 or what particular month.

MR. KENNEDY. Did you not issue a press release when you were up in Canada in connection with the Communists?

MR. KLENERT. I recall having a press conference during the time that I was in Canada.

MR. KENNEDY. Was that the first or second visit to Canada?

MR. KLENERT. I am not sure if it was the first time in connection with this matter or the second time. I am not sure when the press conference was held or whether there was a press conference held on each occasion incident to my time there.

MR. KENNEDY. Isn't it true that there was no person such as Jacques, and that this whole matter was handled by Harold Banks, who was Canadian director of the Seafarer's International Union, AFL?

MR. KLENERT. I am not familiar with the role played by Mr. Harold C.—who?

MR. KENNEDY. Banks, who was Canadian director of the Seafarer's International Union, AFL.

MR. KLENERT. I am not familiar with the role or activities of Mr. Banks.

Mr. KENNEDY. Wasn't it Mr. Banks who contacted and made available seamen to combat the Communists up in Canada?

Mr. KLENERT. I said, Mr. Kennedy, that I am not familiar with the role that Mr. Banks played in connection with this situation.

Mr. KENNEDY. You never heard of Mr. Banks?

Mr. KLENERT. I didn't say I never heard of Mr. Banks, I said I am not familiar with his activities in connection with this matter.

Mr. KENNEDY. Did you know Mr. Banks was contacted in connection with this?

Mr. KLENERT. Not that I can recall at this moment, sir.

Mr. KENNEDY. You are not aware of the fact that Mr. Banks was contacted and provided some seamen to work outside the plants of the Textile Workers Union?

Mr. KLENERT. The only fact that I am aware of is that I had meetings, on several occasions, discussions, with many leaders. We had a lot of talk on what to do and about what to do, and how to cope with the Communist situation.

Mr. KENNEDY. You had a representative up there at the time, Mr. Klenert.

Mr. KLENERT. We had many representatives there at that time.

Mr. KENNEDY. Which one of your representatives up there knows about Jacques? We found your representatives up there knew about Harold Banks and knew that he provided the seamen, and knew that he refused to take any payment for the work that he did. Who knows about Jacques? Who of your representatives up there knows about Jacques?

Mr. KLENERT. I can't tell you who knows Jacques, Mr. Kennedy. I can't testify for anybody that is on our staff as to what they knew or do not know.

Mr. KENNEDY. We made an investigation of this and find that there was violence up there, but the people that took part in the violence were Mr. Harold Banks' people and some of the Communists. But we have found no one that has ever even heard of Jacques or knows anything about Jacques. Can you tell us any of your representatives that ever knew a Jacques up there?

Mr. KLENERT. I think I have already told you about that, Mr. Kennedy.

Mr. KENNEDY. You don't know anyone?

Mr. KLENERT. I said—do you want me to testify as to what other people might know or might not know?

Mr. KENNEDY. Just give me the name of somebody else, or people that saw you and Jacques together, or even give us the name of somebody in Canada that knows Jacques.

Mr. KLENERT. I don't know, offhand, anyone who saw me or who didn't see me.

Mr. KENNEDY. Or any of your representatives in Canada who ever saw you talking to Jacques or heard you mention the name of Jacques? Can you give us that name?

Mr. KLENERT. At this late date, I could not give you any name with any accuracy about that.

Mr. KENNEDY. According to the records that we have here, and from what has been put into the record, you made a great number of purchases since 1954 for your own personal use, and for your wife's personal use, and charged them to the union, is that correct?

Mr. KLENERT. I have heard that this morning. I have seen this list this morning. I haven't had any discussion about it prior to today, when I came before the committee.

Mr. KENNEDY. Did you ever pay any taxes on the money that you used to make these personal purchases or the purchases for your wife?

Mr. KLENERT. I don't know exactly how the tax forms or what the tax forms covered in these particular years.

Senator CURTIS. Mr. Counsel, in that connection, unless you want to pursue the tax end of it a little bit, I would like to inquire about one or two of those items.

Mr. Klenert, in this material submitted by the staff this morning in reference to purchases, of items paid for by the union, there was on that list an original black coat, \$200. I am handing you here a statement, and I would like to ask to have you look at it and see if you can identify it.

(Document handed to witness.)

Senator CURTIS. That appears to be a sales slip from the Needlecraft Store for an original black coat, \$200. Do you recall that transaction? (The witness conferred with his counsel.)

Mr. KLENERT. Yes, sir.

Senator CURTIS. Who obtained the coat?

Mr. KLENERT. My wife.

Senator CURTIS. Did she retain possession of it?

Mr. KLENERT. I think she has.

Senator CURTIS. And the price was \$200, according to that?

Mr. KLENERT. According to this record, yes.

Senator CURTIS. And is it correct that it was paid for with union funds?

Mr. KLENERT. It was paid, Senator, and I think that if you care to I can explain how it was paid, within the personal expense allowance which is granted to me by the organization.

Back in 1948, salaries were low, and the organization granted me \$6,500 for personal expense allowance which I used from time to time for personal expenditures.

Senator CURTIS. Personal expense allowance for what?

Mr. KLENERT. For any personal things that we needed arising out of traveling or making an appearance.

(The witness conferred with his counsel.)

Mr. KLENERT. Actually, the board at that time wanted to raise our salaries to \$14,000. This, actually, in my opinion, was a form of a wage, a salary allowance. They called it the president's expense allowance.

Mr. KENNEDY. I would like to say in that connection, Senator Curtis, that according to our records at that time, or prior to April 1, 1948, which is what Mr. Klenert is talking about, Mr. Valente and Mr. Klenert were making \$11,333 and \$10,815, respectively; that at that time, as Mr. Klenert states, there was a motion to raise their salaries to \$15,000; that Mr. Klenert said at that time that if the salary was raised, the rival CIO union might find out about it and raise a question.

So they decided at that time, and the union's executive board decided, that they could take in expenses up to \$15,000, which would make the difference.

Thereupon, after April 1, 1948, Mr. Klenert's per diem was raised, so that right after that he made \$15,040 a year and Valente's was raised to \$16,040 a year.

I already put in the record how the salaries have gone up until October 1956, when they raised Valente to \$22,300 and Klenert to \$21,300.

Senator CURTIS. What is the date of that sales slip for this dress I referred to, or, rather, the black coat?

Mr. KLENERT. In September 1954.

Senator CURTIS. September of 1954?

Mr. KLENERT. Yes, sir.

Senator CURTIS. What was his salary at that time?

I will put it this way, Mr. Kennedy, from your examination of the records and actions of the union, was he allowed an expense account of \$6,500 at that time, in 1954?

Mr. KENNEDY. It could be assumed or you could reach the conclusion, Mr. Chairman, that they permitted in 1948 for him to make personal purchases—

Senator CURTIS. This is 1954.

Mr. KENNEDY. The resolution passed in 1948 would allow them to make personal purchases up to \$15,000. But we are taking the figures above that, above and beyond that. Any purchases made up to \$15,000 we are not including, or any of the per diem that he received. We didn't examine into how he spent that. But in 1954, in answer to your question, Mr. Valente was making \$18,380 and Mr. Klenert was making \$17,380, which was above the \$15,000.

We haven't gone in to examine his vouchers on any of his per diem that he received that made up part of this \$17,380.

This is above and beyond the salary and the per diem, these charges that we have discussed today.

Mr. KLENERT. Mr. Kennedy, the figure that you mentioned included the per diem.

Mr. KENNEDY. I understand that.

Mr. KLENERT. This expense allowance is beside—

Mr. KENNEDY. I understand.

Mr. KLENERT. Actually, the salary in 1954 was \$7,500.

Mr. KENNEDY. And then you got a flat per diem of \$190 a week, no matter what you did, plus your expenses above that.

Mr. KLENERT. This \$6,500 personal allowance was still predicated on the \$7,500 salary, and our position is that nowhere near that amount was used in the 9-year period in question, and that the \$6,500 personal expense allowance was only discounted for this year when, within the fiscal year, the actual salary is \$14,000.

Mr. KENNEDY. If that is true, why did you make purchases in 1957 and charge them to the union?

Mr. KLENERT. Actually, in the early part of the year, the trustees took the position that since the salaries were now to be increased to the originally desired figure of 15 and 14, that this practice of using the personal expense allowance be discontinued.

Mr. KENNEDY. Then why—

Mr. KLENERT. I will tell you about that. As soon as I had been apprised of that recommendation, I instituted it administratively, and wherever a bill had not been paid, I then undertook to pay it person-

ally, and will so continue now as we go by the trustees recommendations.

Mr. KENNEDY. The record shows that on November 6, 1956, which was after this resolution was passed——

Mr. KLENERT. No, it wasn't. The trustees didn't make their recommendation on this until this year.

Mr. KENNEDY. I thought it was October 1956?

Mr. KLENERT. No.

Mr. KENNEDY. When did you get your raise?

Mr. KLENERT. The raise occurred in October 1956. But for the bulk of that year, the salary was still \$7,500 and \$8,500 and the trustees said that "Now that the new fiscal year," our fiscal year begins on January 1——

Mr. KENNEDY. On March 3, you bought sheets, pillowcases, linen and hosiery for \$90.77. On March 22, you bought a woman's jacket, slacks, pajamas, skirts, girdle, bra, and petticoat for \$50.68. On March 23, you bought a pearl necklace for \$19.21.

Mr. KLENERT. We told the trustees that wherever we can, within the meaning of their recommendation for the entire year, as per their recommendation, we will discontinue this expense allowance, and any particular item like that that was paid prior to their recommendation can be squared away and straightened away very satisfactorily.

There were some that fell within that realm, and I undertook to pay them personally.

Mr. KENNEDY. Mr. Chairman, we have the resolution here which he states gives him the authority to make all of these purchases. It says:

In view of this, Council Member Hyman withdrew his motion and moved that the salary of the president be increased to \$8,500 and the salary of the secretary-treasurer be increased to \$7,500. However, he believed and wanted accounts to concur and made it a part of the motion that the president and secretary-treasurer should be authorized to spend up to the difference in these two figures——

which was \$15,000——

for such expenses as they may deem to be necessary which would maintain the dignity and prestige and appearance of the international president and secretary-treasurer while engaged in work for the international union as a part of their legitimate expenses.

Senator ERVIN. Did you return this money, the union money, that was used to buy these personal articles of furniture and wearing apparel, for yourself and your wife, did you return the amount of that for Federal income taxes?

Mr. KLENERT. I do not recall how the returns were made for those years, what was figured out at that time. There was an audit made up to and including 1954, with respect to which the tax attorneys handled that all. I am not familiar with that, sir.

Senator ERVIN. You knew that under the income tax law, you cannot deduct items of personal expense, such as expenditures for furniture and clothing, did you not?

Mr. KLENERT. I am not familiar with it. I had a tax expert do these things. I am not familiar with exactly how he has calculated it.

Senator ERVIN. You knew that was the law, did you not, that you could not deduct it, that you were supposed to return for income tax purposes, sums which you received for your own benefit and used for

the purchase of personal articles, such as furniture and clothing? You knew you were supposed to pay income tax on matters of that kind, did you not?

Mr. KLENERT. I know that we had some problems at that time, and apparently at that time something had gone awry. But I do know that the matter was squared away and that the Internal Revenue was satisfied for the years up to and including 1954.

Senator ERVIN. But now you tell this committee that you knew something went awry and some adjustment was made, but you do not know what it was about?

(The witness conferred with his counsel.)

Mr. KLENERT. I am not sure if I understand your question.

Senator ERVIN. When you found out that matter went awry, as you called it, did you not have enough curiosity to try to find out why the Internal Revenue Service was questioning your income tax returns?

Mr. KLENERT. I did have some conversations with, preliminary conversations with, an agent at that time, and then the tax attorneys took it over with them and they worked out some adjustments, some arrangements, the details of which I am not familiar with.

Senator ERVIN. You did not have enough curiosity to find out what was wrong with your tax returns, or what was allegedly wrong?

Mr. KLENERT. Yes.

Senator ERVIN. What was it they claimed was wrong?

Mr. KLENERT. They eliminated certain deductions, I believe.

Senator ERVIN. What were the deductions?

Mr. KLENERT. They eliminated certain personal deductions. Specifically I don't recall what they were. Then there were some tax adjustments, fines, and penalties involved, and that closed it up to and including 1954. That is all I can recall of it now.

Senator ERVIN. You have forgotten all about what the things were, if you ever knew, is that what you are telling us?

Mr. KLENERT. If I ever knew; I have no recollection specifically—

Senator ERVIN. If you ever knew, you have forgotten?

Mr. KLENERT. I have no recollection specifically, other than that there were certain disallowances for personal deductions.

Senator ERVIN. I have often heard it said that if there was anything better than a good memory, it was a good forgettor, and I believe you have one that is rather remarkable.

Mr. KENNEDY. Did you tell your tax lawyer or your tax consultant that you were making all of these personal purchases for your wife and yourself? This is during the period of the past 3 years, not the past 6 years but the past 3 years. Did you tell him that?

(The witness conferred with his counsel.)

Mr. KLENERT. I have no recollection right now as to the conversation that I had each time.

Mr. KENNEDY. I am just wondering if the person who prepared your tax return which you were discussing earlier was aware of the fact that you were buying radios, television sets, corkscrews, milk stools and golfer's lamps, handbags, photo albums, ladies' umbrellas, all with union funds, and whether he knew you were doing this, and whether he was aware so that he could put this in your income tax return. That is all I am asking.

Did you tell him this information so he could put it in your income tax return?

Do you want to answer that?

Mr. McINERNEY. I submit that he should not be required to tell what he told his attorney.

Mr. KENNEDY. The lawyer-client relationship?

Mr. McINERNEY. Yes.

Mr. KENNEDY. The reason I raised it is because he said that the attorney or the taxman who prepared this knew all about it, and I was trying to find out if he really knew it.

Mr. McINERNEY. I didn't understand him to say that the taxman knew all about it.

Mr. KENNEDY. That the taxman who prepared the tax returns? Maybe it wasn't his attorney.

Let me ask you again: Did you declare these matters in your income tax return?

Mr. KLENERT. I have no recollection of what those income tax returns contain. I didn't prepare them personally. I think the committee has records on that and is more familiar with it than I am.

Mr. KENNEDY. Is there any statement you want to make on any of these items?

Mr. KLENERT. No, sir.

Senator CURTIS. Do you contend that in the year 1956 you were authorized to spend union funds for personal items to augment your salary?

Mr. KLENERT. In the year 1956?

Senator CURTIS. Yes.

Mr. KLENERT. In the year of 1956, I believe that the present expense allowance was done under proper authorization.

Senator CURTIS. No. I asked you in the year 1956, is it your contention that you were authorized to make personal expenditures and charge them to the union for the purpose of augmenting or adding to your salary?

Mr. KLENERT. I believe we had authority to spend up to \$6,500 for personal and related expenses in that year, yes, sir.

Senator CURTIS. In 1956?

Mr. KLENERT. Yes, sir.

Mr. KENNEDY. He got, as an allowance in 1956, \$9,880. We haven't included that at all. Above and beyond that, we have put our figures for 1956.

Senator CURTIS. We are talking about above and beyond the salary and the \$9,880.

Is that carried as per diem?

Mr. KENNEDY. Yes. This is all above that.

Senator CURTIS. Do you claim that you were authorized to spend \$6,500 on top of that?

Mr. KLENERT. Yes, sir. I will leave that within the meaning of the board's action, that we were entitled to do that.

Senator CURTIS. Mr. Klenert, all I can say is that while this committee is not a court and has no power or intention to try to determine your guilt or innocence from the standpoint of violating laws that might constitute an offense, we have gone into these things for legislative purposes to see how the affairs of men and women who work are handled, how the officers of unions operate. I must say that you

and your associates have not impressed me very much on the favorable side.

Union funds were used for the purchases of homes for both of you. Later, after an exposure, they were returned, it is true. But in the interim there were not traces of evidence that the rights and property of the union were protected by information and records preserved. You spend freely of union money. You point back many years in the record to vague and uncertain resolutions authorizing that.

It has shown a complete disregard for your trust as an officer of the union, and, to a somewhat lesser degree, Mr. Valente, and also Mr. Jacobs.

I think it goes far beyond carelessness, poor bookkeeping or slipshod practices. I think it goes to the very essence of honesty.

The way you and your associates have run the union is a striking example, is an illustration, that here is need for appropriate legislation in this field.

Senator ERVIN. I might say that I have been astounded by the callous indifference of the top-ranking officers of this union to their trust which they are supposed to exercise for the benefit of these men and women who work hard and pay dues to this union. I am certain that the members of your union are not aware of the fact that expenditures have been made for corkscrews costing \$25.20, or sport canes, jackets, tuxedos, toy dogs, toy airplanes, sheets and pillow cases, luggage, photo albums, radios, television sets, ladies' gloves, pajamas, sweaters, T-shirts, diaper service, rolls of film, handkerchiefs, golf balls, the pay of caddies, toy poodles, phonographs, record albums, black coats, black suits, blue and white dresses, sunsuits, bathing suits, beige dresses, blue dresses, candy, trampoline lessons—whatever that is—girdles, petticoats, hose and slips, and scarves.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CURTIS. I am not suggesting what you should do. You will have to deal with that yourself. I do want to disassociate myself with the suggestion previously made here on other days that you take certain recommendations to your organization. I think you ought to turn the organization over to somebody else.

That is my personal opinion, not banking on anyone.

Is there anything further, Mr. Counsel?

Mr. KENNEDY. No. That is all.

Senator CURTIS. Is there anything you wish to say?

Mr. KLENERT. No, sir.

Senator CURTIS. The meeting stands adjourned.

(Whereupon, at 12:20 p. m., the committee recessed, subject to the call of the Chair.)

(Members present at the taking of the recess: Senators Ervin and Curtis.)

APPENDIX

EXHIBIT No. 1



BEITZELL

REALTOR
SALES • LOANS • INVESTMENTS
WASHINGTON S. D. C.

1818 K STREET, N. W.
DISTRICT 3100

\$ Washington, D. C. 1952

RECEIVED FROM

a deposit of Two Thousand Dollars (\$2000.00)

{ Cash } to be applied as part payment of the purchase of Lot

{ Check }

in Square with improvements thereon known as 3507 Saul Road and 9801 Alfred

Ray Road, Rock Creek Hills, Montgomery County, Maryland

in the District of Columbia, upon the following terms of sale:

(1) Price Ninety-five Thousand Dollars Dollars (\$95,000.00)

(2) Purchaser agrees to pay Fifty-seven Thousand** Dollars

(\$57,000.00) cash at the date of conveyance, of which sum this deposit shall be a part.

(3) The purchaser is to assume or pay off first deed of trust secured on the premises of

\$18,000.00 and \$27,000.00 (Equitable Life)

Dollars (\$

due

rate of per cent per annum, payable

.....

.....

(4) For the balance of deferred purchase money amounting to

Dollars (\$

purchaser is to execute and deliver a second deed of trust secured on said premises, to be paid in monthly install-

ments of Dollars (\$

....., including interest at the rate of per cent per annum, each installment when so paid to be applied,

first to the payment of interest on the amount of principal remaining unpaid and the balance thereof credited to principal.

Purchaser agrees to make monthly payments of \$ to cover the aforesaid payments

under said second trust and interest on the first trust

Trustees in all deeds of trust are to be named by the parties secured thereby.

(5) The property is sold free of encumbrance, except as aforesaid; title is to be good of record, subject, how-

ever, to covenants, conditions and restrictions of records. Otherwise, the deposit is to be returned and sale declared

off at option of the purchaser, unless the defects are of such character that they may readily be remedied by

legal action, but the seller and Agent are hereby expressly released from all liability for damages by reason of any

defect in the title. In case legal steps are necessary to perfect the title, such action must be taken promptly by and

at the seller's expense, whereupon the time herein specified for full settlement by the purchaser will thereby be

extended for the period necessary for such action

(6) Seller agrees to execute and deliver a good and sufficient special warranty deed, and to pay for Federal

revenue stamps on the deed and Title Company's service charge.

(7) Property is sold and shall be conveyed subject to an existing tenancy as follows

.....

Seller agrees to give possession at time of settlement. If the seller fails so to do and occupies said property,

seller shall become and be thereafter a tenant by sufferance of the purchaser, and hereby expressly waives all notice

to quit provided by law.

(8) Seller assumes the risk of loss or damage to said property by fire or other casualty until the executed deed of

conveyance is delivered to the purchaser or is recorded for him by the Title Company making the settlement.

(9) All notices of violation of Municipal orders or requirements noted or issued by any Department of the

District of Columbia, or actions in any court on account thereof, against or affecting the property at the date of

settlement of this contract, shall be complied with by the seller, and the property conveyed free thereof

(10) Settlement is to be made at the office of the Agent or at the Title Company searching the title, and deposit

with the Agent or at the Title Company of the cash payment as aforesaid, the deed of conveyance and such other

papers as are required by the terms of this contract shall be deemed and construed as a good and sufficient tender

of performance of the terms hereof.

(11) Rents, taxes, water rent, insurance and interest on existing encumbrances if any and operating charges

are to be adjusted to the date of transfer. Taxes general and special are to be adjusted according to the certificate

of taxes as issued by the Collector of Taxes of the District of Columbia, except that assessments for improvements

completed prior to the day hereof, whether assessment therefor has been levied or not, shall be paid by the seller

or allowance made therefor at the time of transfer

(12) Examination of title, tax certificate, conveyancing, notary fees, State revenue stamps, if any, and all

recording charges, including those for purchase money trust, if any, are to be at the cost of the purchaser who

hereby authorizes the undersigned Agent to order the examination of title, provided, however, that if upon examina-

tion the title should be found defective and is not remedied as aforesaid, the seller hereby agrees to pay the cost

of the examination of the title and also to pay the Agent herein the commission hereinafter provided for just as

though the sale had actually been consummated and all the terms of this contract complied with

(13) Within _____ days from the date of acceptance hereof by the seller, or as soon thereafter as a report on the title can be secured if promptly ordered, and, or survey, if required, the seller and purchaser are required and agree to make full settlement in accordance with the terms hereof.

If the purchaser shall fail to make full settlement, the deposit herein provided for may be forfeited at the option of the seller, in which event the purchaser shall be relieved from further liability hereunder, or, without forfeiting the deposit, the seller may avail himself of any legal or equitable rights and remedies which he may have under this contract.

(14) The entire deposit shall be held by J. GARRETT BEITZELL, Agent, until settlement hereunder is made or until the deposit is forfeited. In the event of the forfeiture of the deposit, the Agent shall retain one-half thereof as a compensation for his services and shall pay to the seller the remaining one-half of the forfeited deposit.

(15) If the property involved in this contract is located in a jurisdiction other than the District of Columbia, wherever any reference is made to the District of Columbia or any official thereof, the name of the jurisdiction in which property is located and the proper official thereof is substituted automatically. If the property is serviced by the Washington Suburban Sanitary Commission, annual benefit charges of said Commission are to be adjusted to date of transfer and assumed thereafter by purchaser.

(16) The seller agrees to pay to J. GARRETT BEITZELL, Agent, a commission of \$ 5,000.00 the amount which said commission being hereby assigned to the agent by the seller out of the proceeds of sale. The party through whom settlement hereunder is made is hereby authorized and directed to make deduction of the aforesaid commission from the proceeds of the sale and to make payment thereof to said Agent.

(17) The principals to this contract mutually agree that it shall be binding upon them, their and each of their respective heirs, executors, administrators, successors and assigns; that the provisions hereof shall survive the execution and delivery of the deed aforesaid and shall not be merged therein; that this contract contains the final and entire agreement between the parties hereto, and that they shall not be bound by any terms, conditions, statements, warranties or representations, oral or written, not herein contained. Executed in _____

J. GARRETT BEITZELL

By _____
Agent

We, the undersigned, hereby ratify, accept and agree to the above memorandum of sale and acknowledge it to be our contract.

_____ 19_____
_____ Purchaser

_____ 19_____
_____ Purchaser

_____ 19_____
_____ Seller

Property is to be conveyed in the name of _____
_____ Seller

No. 6079

15-54
511

19

\$ 51,515.46

DOLLARS

MUTUAL TITLE COMPANY

TRUSTEES ACCOUNT

PRESIDENT VICE PRESIDENT

TREASURER

MUTUAL TITLE COMPANY

THE WASHINGTON LOAN AND TRUST CO.

WASHINGTON, D.C.

MUTUAL TITLE COMPANY
EDMONDS BLDG. 917 15TH ST. N.W.

WASHINGTON, D.C.

PAY TO THE ORDER OF

51515.46

50

Attachment Bros
Albert J. Altman
Alfred A. Altman

0553

WASH. NATION. B. & C. CLEARING HOUSE
PAID BY THE TREASURER OF THE
HAMILTON NATIONAL BANK
15-15 WASHINGTON, D.C. 15-15
PAID BY THE TREASURER OF THE
HAMILTON NATIONAL BANK
15-15 WASHINGTON, D.C. 15-15

MAY-71952

EXHIBIT No. 3

| PLEASE LIST EACH CHECK SEPARATELY | | DOLLARS | CENTS |
|---|--|---------|-------|
| LIST CHECKS ON THIS BANK IN THIS SPACE | | | |
| TOTAL | | 1500 | 1000 |
| CHECKS ON OTHER WASHINGTON BANKS, U. S. TREASURY AND MONEY ORDERS LIST NAME OF BANK | | | |
| TOTAL | | 2000 | 00 |
| CHECKS ON OUT OF TOWN BANKS LIST NAME OF BANK AND CITY | | | |
| TOTAL | | | |
| NUMBER OF CHECKS | | | |

PLEASE DO NOT WRITE IN THIS SPACE

SEP 4 28 APR 7 20000008

SECURITY BANK

The Depositor agrees with Security Bank of Washington, D. C., that the Bank in rendering loans for deposit or collection acts only as depositor's collecting agent and assumes no responsibility beyond due care; that all items are credited subject to final payment by the Bank at its own option to cash or collect; that the Bank will use due diligence in the selection of collecting agents, but will not be liable in case of their failure or negligence, or for losses in transit; that such correspondence as referred shall not be liable except for its own negligence; that the Bank or collecting agents may void items, directly or indirectly, any bank, including the drawer or payee, may accept draft, draft or credit as conditional payment in lieu of cash, and shall not be liable for dishonor of checks or drafts or for reversal of credits or routing to payment nor for losses thereon; that the Bank may charge back any item of any time before actual final payment, whether the item was returned or not, and may also charge back any item drawn on the Bank if, within the Bank's normal handling period for such item, it is determined by the Bank that the item is not to be honored against the drawer's account; that in collecting bonds or coupons the Bank may charge back amount of income tax, if any; that any failure by the Bank to enforce these rights shall not be construed to be a waiver thereof; and that this amount is subject to all laws and regulations of the United States and of the District of Columbia now or hereafter in force.

TO THE CREDIT OF

DEF 3511

J GARRETT BEITZEL

GENERAL ACCOUNT

WASHINGTON D C Sept 7 1936

| | DOLLARS | CENTS |
|--|---------|-------|
| Currency | | |
| Coin | | |
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| PLEASE LIST EACH CHECK SEPARATELY ON THE BACK OF THIS DEPOSIT TICKET | | |
| TOTAL OF CHECKS ON THIS BANK | | |
| TOTAL OF CHECKS ON OTHER WASHINGTON BANKS | 2000 | 00 |
| TOTAL OF CHECKS ON OUT OF TOWN BANKS | | |
| Coupons | | |
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SEE THAT ALL CHECKS ARE ENDORSED

FORM 48

EXHIBIT No. 4

✓ ANTHONY VALENTE
SIX - 136 N 4th ST N W

284

No. 3

1936

April 4 1936

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DAY
TO THE
ORDER OF

Baiter

Five hundred and no DOLLARS

Man the

THE CLYDE BANK

9th St & Main Ave NW

WASHINGTON D C

1000.00

Washington D C

FO
J. GARRETT

APR 6 52 1580

15-80

PAY TO THE ORDER OF
ANY BANK, BANKER OR TRUST
PRIOR ENDORSEMENTS - AGENTS

15-80 SECURITY BANK
WASHINGTON D C

SECURITY BANK

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TO THE CREDIT OF

1992-1993

J. GARRETT BEITZEL

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ROLLERS CENTER

† *Mytilus* sp.

1.000

1. 1990年12月，中国工商银行总行在《中国工商银行总行关于在北京市设立中国工商银行北京分行的请示》中，明确提出了在北京市设立中国工商银行北京分行的请求。

TOTAL OF CHECKS ON

• 2005 年 5 月 20 日

TOTAL OF CHECKS ON

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TOTAL OF CHECKS ON

OUT OF THE DARK

1998

CHAPTERS

Total \$ 250.00

SEE THAT ALL CHECKS ARE ENDORSED

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63 Cont'd Co. cash

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Neutral Table 6 - 1,000 ✓
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NUMBER OF CHECKS 4

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EXHIBIT No. 6

MUTUAL TITLE COMPANY
EDMONDS BLDG. 917 15TH ST. N. W.

WASHINGTON, D. C.

No. 6076

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PAY TO THE ORDER OF

MUTUAL TITLE COMPANY
2111 20th St. N. W.
20530

3000 DOLS 00 CTS

THE WASHINGTON LOAN AND TRUST CO.
WASHINGTON, D. C.

MUTUAL TITLE COMPANY - TRUST ACCOUNT

PRESIDENT - VICE PRESIDENT

TREASURER

FOR DEPOSIT
GARRETT BEITZELL

MAY 1922

EXHIBIT No. 7

Deposited with
**The Washington Loan
 and Trust Company**
 Washington, D.C.

In making deposits the depositor agrees with The Washington Loan and Trust Company of Washington D. C. that items received for deposit or collection are accepted on the following terms and conditions: This Bank acts only as depositor's collecting agent and assumes no responsibility beyond its exercise of due care. All items are credited subject to final payment and to receipt of proceeds of final payment in cash or national credits by this Bank at its own office. This Bank may forward items to correspondents and shall not be liable for default or negligence of correspondent selected with due care nor for losses in transit and each correspondent shall not be liable except for its own negligence. Items and their proceeds may be handled by any Federal Reserve bank in accordance with applicable Federal Reserve rules and by this Bank or any correspondent in accordance with any common bank usage with any proviso or procedure that a Federal Reserve bank may use or permit another bank to use by with any other lawful means. This Bank may charge back at any time prior to midnight on its business day next following the day of receipt any item drawn on this Bank which is determined to be drawn against insufficient funds or otherwise not good or payable. An item received after this Bank's regular afternoon closing hour shall be deemed received the next business day. This account is subject to all laws and regulations of the United States and of the District of Columbia now or hereafter in force. Revised Oct. 1, 1958

TO THE CREDIT OF

Book No.

Name

Deposit To The Credit Of

MUTUAL TITLE COMPANY.

Date

TRUSTEE ACCOUNT

2nd

19

52

SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED

DOLLARS

CTS

Currency

120

00

Coin

12

Checks as follows:

(PLEASE ENTER SEPARATELY)

J. H. Mtg. Corp.

(15-52)

11,750

00

Irving Foots

(15-51)

406

52

Perpetual Bldg.

Assoc.

15-15

814

87

NW Mutual Life

1-74

12,215

00

Col. Inv.

15-30

300

00

United Textile Workers

of Amer.

95,000

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Total

120,606

51

SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED

120,606.51

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| 2005 | Kee | cash | .12 |
| 2039 | Doughton | Col. Mtg. | 11,750.00 |
| 1940 | Feste | ck | 406.52 |
| 2127 | Ross | Perp. Bldg. | |
| | | Assoc. | 814.87 |
| 2143 | Winson | NW Mutual | 12,215.00 |
| | | Col. Inv. | 300.00 |
| | | cash | 120.00 |

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| 2223 | Klenert & Valente | 95,000.00 |
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EXHIBIT No. 8

No. 2223

MUTUAL TITLE COMPANY
 MARYLAND TITLE EXAMINATIONS
 EDMONDS BUILDING 917 15TH ST., N. W.
 WASHINGTON D. C.
 (TELEPHONE NA 434449)

Albert J. Altman + Alfred A. Altman
 In the Matter of *Rock Creek Hill*

May 5, 1912

NO RESPONSIBILITY IS ASSUMED FOR TAXES OR ASSESSMENTS EXCEPT AS REPORTED ON THE TAX CERTIFICATE

| | | | |
|-----------------------------------|--|-------------------|-------------------|
| Loan | | | |
| Price | | | \$9000 - |
| Water Rent @ \$ | | pd. to | |
| Fire Ins. | \$38000 | paid to | at \$19910 year |
| Tornado Ins. | | paid to | at \$19910 year |
| Stock Payment \$ | | Appraisal fee \$ | |
| Commission | <i>J. Garrett Buttle</i> | | 5000 00 |
| Conveyancing paid | | | |
| Deposit | | | |
| First Deed of Trust | <i>Equitable Life & Co</i> | | 1982370 |
| Interest accrued from | <i>5/1/12</i> | at <i>4 1/2 %</i> | 1239 |
| Bonus | | | |
| Second Deed of Trust | | | 1734254 |
| Interest accrued from | <i>5/1/12</i> | at <i>4 1/2 %</i> | 1114 |
| Deferred payments | | | |
| Taxes paid to | <i>4/30/12</i> | at <i>3 1/2 %</i> | 6271 |
| Front foot | <i>12/1/12</i> | at <i>3 1/2 %</i> | 5241 |
| <i>Lot 1, 2nd floor, 12/30/12</i> | at <i>4 1/2 %</i> | | 5342 |
| <i>2nd floor 12/1/12</i> | | | 68322 |
| <i>May 12, 1912</i> | | | 241 00 |
| F. H. A. Insurance | | | |
| Title Insurance | | | |
| Examination of Title & Tax cert. | \$ | | |
| Preparing Deed | \$ | Trust \$ | Release \$ |
| Recording Deed | \$ | Trust \$ | Release \$ |
| Noting & examining conveyances | | | |
| Notary fee | | | |
| Settlement Fee | | | |
| Registering Notes | | | |
| Revenue Stamps | Federal \$ | State \$ | |
| Survey | | | |
| Balance | <i>check to</i> | | |
| | <i>Albert J. Altman + Alfred A. Altman</i> | | 5155 46 |
| | | | 95273 36 95273 36 |

EXHIBIT No. 9

Case No. M.T.C. # 2223

MUTUAL TITLE COMPANY
 MARYLAND TITLE EXAMINATORS
 EDMONDS BUILDING 917 15TH ST., N. W.
 WASHINGTON, D. C.

Lloyd Klenert

May 5 19 54

In the Matter of PURCHASE

Lot 1, Block 10

Xmas "HUGH GRIZZ HILLS"

AND RESPONSIBILITY ASSUMED FOR TAXES OR ASSESSMENTS IN CASES WHERE REQUIRED BY LAW

| | | | | |
|---|-------------|-----------------|--------|----|
| Loan | | | | |
| Price | | | 52,500 | 00 |
| Water Rent @ \$ | | pd. to | | |
| Fire Ins. | \$40,000.00 | paid to 4-23-54 | 105. | 50 |
| Tornado Ins. | \$ | paid to | | |
| Stock Payment | | Appraisal fee | | |
| Commission | | | | |
| Conveyancing paid | | | | |
| Deposit | | | 1,000 | 00 |
| First Deed of Trust assumed - Equitable Life Ins. Co. | | | 19,023 | 70 |
| Interest accrued from 5-1-52 | | 4% | | |
| Bonus | | | | |
| Second Deed of Trust | | | | |
| Interest accrued from | | | | |
| Deferred payments | | | | |
| Taxes paid to 6-30-54 | | \$ 545.00 | 03 | 42 |
| Front Foot paid to 1-1-54 | | \$50.92 | | |
| Preparing and recording \$10,000.00 second trust | | | 0 | 50 |

F. H. A. Insurance

| | | | | |
|-------------------------------------|-----------------------------|------------|-----|----|
| Title Insurance | | | 70 | 75 |
| Examination of Title & Tax cert. \$ | | | 100 | 00 |
| Preparing Deed \$ x | Trust \$ | Release \$ | 5 | 00 |
| Recording Deed \$ x | Trust \$ | Release \$ | 2 | 50 |
| Noting & examining conveyances | | | | |
| Notary fee | | | 1 | 00 |
| Settlement Fee | | | 25 | 00 |
| Registering Notes | | | | |
| Revenue Stamps | Federal \$ | State \$ x | 57 | 75 |
| Survey | State stamps - second trust | | 16 | 50 |

Balance Due to Settle

| | | | |
|--------|----|--------|----|
| 52,550 | 30 | 32,055 | 92 |
| | | 52,550 | 38 |

EXHIBIT No. 10

Case No. M.T.C.#2223

MUTUAL TITLE COMPANY
 MARYLAND TITLE EXAMINATIONS
 EDMONDS BUILDING 917 15TH ST., N. W.
 WASHINGTON 5 D. C.

12 BUREAU NO. 1474445

Anthony J. Valente

May 5, 1952

In the Matter of PURCHASE

xxxx Parcel A, Blk. 18 xxxxxx "BROOK GREEN HILLS"

NO RESPONSIBILITY IS ASSUMED FOR TAXES OR ASSESSMENTS EXCEPT AS ELICITED ON THE TAX CERTIFICATE

| | | |
|---|------------------------------------|-----------|
| Loan Price | | 42,500 00 |
| Water Rent of \$ | pd. to | |
| Fire Ins. \$1,000. | paid to 4-23-54 to \$24.50 3 years | 59 27 |
| Tornado Ins. \$ | paid to \$ | years |
| Stock Payment \$ | Appraisal fee \$ | |
| Commission | | |
| Conveyancing paid | | |
| Deposit | | 1,000 00 |
| First Deed of Trust- Assumed, Equitable Life Ins. Co. | | 17,842 54 |
| Interest accrued from 5-1-52 to 4-1-54 | | 11 14 |
| Bonus | | |
| Second Deed of Trust | | |
| Interest accrued from | | |
| Deferred payments | | |
| Taxes paid to 4-30-52 to \$423.61 | | 64 71 |
| Rent not paid to 1-1-52 \$46.20 | | 16 04 |
| Preparation & recording 10,000.00 second trust | | 8 50 |

F. H. A. Insurance

| | | |
|-------------------------------------|---------------|-------|
| Title Insurance - record Title | | 63 75 |
| Examination of Title & Tax cert. \$ | | 96 00 |
| Preparing Deed \$ 5.00 Trust \$ | Release \$ | 5 00 |
| Recording Deed \$ 2.50 Trust \$ | Release \$ | 2 50 |
| Noting & examining conveyances | | |
| Notary fee | | 1 00 |
| Settlement Fee | | 25 00 |
| Registering Notes | | |
| Revenue Stamps Federal \$ | State \$ Deed | 40 75 |
| xxxxxx State Stamps, second trust | | 11 00 |

Balance due to settle

| | |
|----------|-----------|
| 42,83 48 | 24,013 76 |
| | 42,83 48 |

EXHIBIT No. 11

No. 6057

10

*Equitable Life Ins. Co.**Handwritten signature*

\$ 10,000.00

No. 6058

52 10

*Equitable Life Ins. Co.**Handwritten signature*~~\$ 10,000.00~~

No. 6059

10

*Equitable Life Ins. Co.**Handwritten signature*

\$ 10,000.00

No. 6060

1952 10

Robert H. Altman
 Office Building

H. 223

✓
 \$ 51,359.75

No. 6061

1952 10

Harold Haffman

✓
 H. 223

✓
 \$ 430.00

EXHIBIT No. 14

MUTUAL TITLE COMPANY
EDMONDS BLDG. 917 F STREET N.W.

WASHINGTON, D.C.

PAY TO THE ORDER OF

9500020LS00 CTS

TO
THE WASHINGTON LOAN AND TRUST CO.

WASHINGTON, D.C.

DOLLARS

MUTUAL TITLE COMPANY, INCORPORATED

PRESIDENT

SECRETARY

FOR DEPOSIT ONLY

Lloyd Klenert

LLOYD KLENERPT
INTL SECY TREAS

UNITED TEXTILE WORKERS OF AMERICA

THE CITY BANK

EXHIBIT No. 16A

LIBERTY NATIONAL BANK

1-74
210

19 52 No. 51119

WASHINGTON, D.C.

PAY TO THE
ORDER OF

LLOYD KLEIN

* \$7,000.00

LIBERTY
NAT'L BANK \$7,000 AND 00 CTS

DOLLARS

TO THE CHASE NATIONAL BANK
NEW YORK, N. Y.


| | |
|--|-----------------|
| PAY TO THE ORDER OF ANY BANK OR BANKER | NEW YORK, N. Y. |
| MAY 16 1954 | 13-19 |
| PAY TO THE ORDER OF PRIOR ENDORSEMENTS GUARANTEED ANY BANK OR BANKER ALL PRIOR ENDORSEMENTS GUARANTEED MAY 15 1954 THE WASHINGTON LOAN & TRUST CO. 15-54 WASHINGTON, D.C. 15-54 | |

EXHIBIT No. 16B

LIBERTY NATIONAL BANK

1-74
210

19 52 No. 51120

WASHINGTON, D. C.

PAY TO THE ORDER OF Lloyd Klenert ***** \$7,000.00

LIBERTY NATIONAL BANK
\$7,000.00 AND 00 CTS

DOLLARS

TO THE CHASE NATIONAL BANK
NEW YORK, N. Y.


PAID TO THE ORDER OF THE
LIBERTY NATIONAL BANK

PAID TO THE ORDER OF THE
LIBERTY NATIONAL BANK

PAID TO THE ORDER OF THE
LIBERTY NATIONAL BANK

PAID TO THE ORDER OF THE
LIBERTY NATIONAL BANK

PAID TO THE ORDER OF THE
ANY BANK OR BANKER
ALL FROM ENDORSEMENT'S GUARANTEE
MAY 15 1952
THE WASHINGTON LOAN & TRUST CO
WASHINGTON, D.C. 15-54

1-74
210

LIBERTY NATIONAL BANK

16-94

WASHINGTON D C MAY 15 1952 NO. 51117

PAY TO THE
ORDER OF

Lloyd Kienert

***** \$ 8,000.00 *****

LIBERTY NATIONAL BANK
WASHINGTON D C
\$ 8,000.00 AND 00 CTS

DOLLARS

TO THE CHASE NATIONAL BANK
NEW YORK, N. Y.*Handwritten signature*

| | | |
|--|-------------|-----|
| PAY TO THE ORDER OF ANY BANK OR BANKER OF THE CITY OF NEW YORK | MAY 16 1952 | 174 |
| ALL PRIOR ENDORSEMENTS GUARANTEED | | |
| THE WASHINGTON LOAN & TRUST CO 15-54 WASHINGTON, D.C. | | |

Handwritten signature

Deposit To The Credit Of
MUTUAL TITLE COMPANY
TRUSTEE ACCOUNT

EXHIBIT No. 16D

1-74
210

LIBERTY NATIONAL BANK

15-94

WASHINGTON, D.C. MAY 15 1952 NO 51118

PAY TO THE ORDER OF Lloyd Klenesh \$ 5,000.00

LIBERTY NATIONAL BANK AND 00 CTS

DOLLARS

TO THE CHASE NATIONAL BANK
NEW YORK, N. Y.

[Handwritten signature and stamp]

| | | |
|--|--|--|
| PAY TO THE ORDER OF THE ANY BANK OR BANKER A. PRIOR ENDORSEMENT IS GUARANTEED MAY 15 1952 THE WASHINGTON LOAN & TRUST CO 15-54 WASHINGTON, D.C. 15-54 | | ENDORSEMENT CHASE NATIONAL BANK THE CITY OF NEW YORK |
|--|--|--|

| | |
|---|-------------|
| THE CITY BANK 15-66 511 15-66 511 NO. 57167 \$10,000.00 | |
| PAY TO THE ORDER OF Anthony Valente | \$10,000.00 |
| CASHIER'S CHECK \$10,000.00 H. H. Valente 1ST VICE PRESIDENT 2ND VICE PRESIDENT 3RD VICE PRESIDENT 4TH VICE PRESIDENT 5TH VICE PRESIDENT 6TH VICE PRESIDENT 7TH VICE PRESIDENT 8TH VICE PRESIDENT 9TH VICE PRESIDENT 10TH VICE PRESIDENT 11TH VICE PRESIDENT 12TH VICE PRESIDENT 13TH VICE PRESIDENT 14TH VICE PRESIDENT 15TH VICE PRESIDENT 16TH VICE PRESIDENT 17TH VICE PRESIDENT 18TH VICE PRESIDENT 19TH VICE PRESIDENT 20TH VICE PRESIDENT 21ST VICE PRESIDENT 22ND VICE PRESIDENT 23RD VICE PRESIDENT 24TH VICE PRESIDENT 25TH VICE PRESIDENT 26TH VICE PRESIDENT 27TH VICE PRESIDENT 28TH VICE PRESIDENT 29TH VICE PRESIDENT 30TH VICE PRESIDENT 31ST VICE PRESIDENT 32ND VICE PRESIDENT 33RD VICE PRESIDENT 34TH VICE PRESIDENT 35TH VICE PRESIDENT 36TH VICE PRESIDENT 37TH VICE PRESIDENT 38TH VICE PRESIDENT 39TH VICE PRESIDENT 40TH VICE PRESIDENT 41ST VICE PRESIDENT 42ND VICE PRESIDENT 43RD VICE PRESIDENT 44TH VICE PRESIDENT 45TH VICE PRESIDENT 46TH VICE PRESIDENT 47TH VICE PRESIDENT 48TH VICE PRESIDENT 49TH VICE PRESIDENT 50TH VICE PRESIDENT 51ST VICE PRESIDENT 52ND VICE PRESIDENT 53RD VICE PRESIDENT 54TH VICE PRESIDENT 55TH VICE PRESIDENT 56TH VICE PRESIDENT 57TH VICE PRESIDENT 58TH VICE PRESIDENT 59TH VICE PRESIDENT 60TH VICE PRESIDENT 61ST VICE PRESIDENT 62ND VICE PRESIDENT 63RD VICE PRESIDENT 64TH VICE PRESIDENT 65TH VICE PRESIDENT 66TH VICE PRESIDENT 67TH VICE PRESIDENT 68TH VICE PRESIDENT 69TH VICE PRESIDENT 70TH VICE PRESIDENT 71ST VICE PRESIDENT 72ND VICE PRESIDENT 73RD VICE PRESIDENT 74TH VICE PRESIDENT 75TH VICE PRESIDENT 76TH VICE PRESIDENT 77TH VICE PRESIDENT 78TH VICE PRESIDENT 79TH VICE PRESIDENT 80TH VICE PRESIDENT 81ST VICE PRESIDENT 82ND VICE PRESIDENT 83RD VICE PRESIDENT 84TH VICE PRESIDENT 85TH VICE PRESIDENT 86TH VICE PRESIDENT 87TH VICE PRESIDENT 88TH VICE PRESIDENT 89TH VICE PRESIDENT 90TH VICE PRESIDENT 91ST VICE PRESIDENT 92ND VICE PRESIDENT 93RD VICE PRESIDENT 94TH VICE PRESIDENT 95TH VICE PRESIDENT 96TH VICE PRESIDENT 97TH VICE PRESIDENT 98TH VICE PRESIDENT 99TH VICE PRESIDENT 100TH VICE PRESIDENT | |

Anthony Valente

DEPOSIT TO THE CREDIT OF
 MUTUAL LIFE COMPANY
 TRUSTEE & CLINT

DEPOSIT TO THE CREDIT OF
 MUTUAL LIFE COMPANY
 TRUSTEE & CLINT

EXHIBIT No. 17B

| | | | |
|---|--|---------------|--|
| MAIN OFFICE 1000 15th St. N.W. WASHINGTON, D.C. | | 1566 511 | |
| THE CITY BANK | | 57169 | |
| WASHINGTON, D.C. | | NO. | |
| MAY 14, 1952 | | 7,000.00 | |
| FIVE THOUSAND DOLLARS | | | |
| CASHIER'S CHECK | | | |
| PAID TO THE ORDER OF | | Edward W. Lee | |

Edward W. Lee

Deposit To The Credit Of
MUTUAL TITLE COMPANY
TRUSTEE ACCOUNT

THE CITY BANK
 MAIN OFFICE
 901 ST. ANDREWS AVE. N.W.
 WASHINGTON, D.C. MAY 14, 1952 NO. 57168
 1952-56
 511
 \$ 15,000.00
 PAY TO THE ORDER OF Anthony Valente
 FIFTEEN THOUSAND DOLLARS
 CASHIER'S CHECK
 Handed to Valente

Anthony Valente
 Disbursing Officer of
 MUTUAL LIFE COMPANY
 TRUSTEE ACCOUNT

EXHIBIT No. 19

DEED OF TRUST NOTE

THIS DEED OF TRUST NOTE IS TO BE FILED IN THE OFFICE OF THE CLERK OF THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA, AND IN THE OFFICE OF THE CLERK OF THE DISTRICT COURT OF THE DISTRICT OF MARYLAND.

TO HAVE AND TO HOLD unto the said Washington, D. C., after date we, jointly and severally, promise to pay to the order of the sum of the sum of DOLLARS, for value received with interest at Five (5%) per annum until paid, payable semiannually. Each installment of interest to bear interest after maturity, if not then paid, at the rate aforesaid.

Payable at _____

No. _____

This is to certify that this is the first promissory note described in a certain deed of trust of even date herewith to the Trustee named in the margin hereof. Said note and the deed of trust securing same having been executed in my presence.

Anthony Valente
Notary Public.

Address 3636 16th Street, N.W.
Washington, D.C.

Retain this Note after payment that the Trustee may be satisfied as to its cancellation when a release is desired.

SEND NOTICE.

21603'

DEED OF TRUST NOTE

PAYMENTS

\$ 14,000.00 -

Due prior to Jan 1, 1915, 1916, 1917

at .

PAY TO THE ORDER OF

WITHOUT RECOURSE TO ME.

Side 1

Donald B. Sanders
by Julius Sanders PER

Mutual Title Company

917 - 15th Street, N. W.

Washington 5, D. C.

RECORDING

DEED
 DEED OF TRUST
 MORTGAGE
 DEED OF RELEASE
 BILL OF SALE
 RELEASE OF MORTGAGE (Over)
 LEASE
 MAGISTRATE'S JUDGMENT
 ASSIGNMENT
 MECHANIC'S LIEN
 CERTIFICATE OF INCORPORATION
 AGREEMENT
 CONDITIONAL SALE
 CHATTEL MORTGAGE
 PLAT

CLERK OF CIRCUIT COURT

MONTGOMERY COUNTY, MARYLAND

No. 202581

Rockville, Md.

195

RECEIVED OF

DOLLARS (\$

TO

CLAYTON K. WATKINS, Clerk

BY

EXHIBIT No. 20

Minutes of the Meeting of the Executive Council, United Textile Workers of America, Sherry Frontenac Hotel, Miami Beach, Florida, April 25, 1952.



(Pages 6-7)

Members of the Executive Council also discussed that portion of Secretary-Treasurer Kienert's report to the Convention which referred to the purchase of a building to house the International Union, and/or the purchase of property for investment purposes.

In accordance with the action taken by the delegates to the Convention, a motion was made by Vice-President Groenert and seconded by Vice-President Rubino that the President and Secretary-Treasurer be authorized to investigate the possibilities of purchasing such property and to exercise their discretion and judgment in consummating the transactions necessary to the purchase of such property. The motion was unanimously adopted by the Executive Council.

In line with the above, the following resolution was adopted by a unanimous vote of the Council:

Be it resolved that the International Secretary-Treasurer be authorized to convert into cash ninety-five thousand (\$95,000) dollars worth of Defense Bonds, now titled to the United Textile Workers of America, for the purpose of purchasing a building for the organization, and be it further

Resolved that pending the conversion to cash of said Defense Bonds that the Secretary-Treasurer be authorized to negotiate a loan from the City Bank in the amount of ninety-five thousand (\$95,000) dollars."

EXHIBIT No. 21

Date *Mar 3 1936*

Individual

Partnership

Corporation

Name

United Textile Workers of America

Endorsers, if any.

Secured

Unsecured

Amount

100,000.00

Int. Rate

4

Time

30 days

To be used for

*purchase of new furniture, rent
old building*

Provisions for payment

*from proceeds of redemption**of Lewis F. Bonds*

Is authorization on file?

unincorporated

Date of last statement

3-31-36

Miscellaneous remarks

Phone number

Loaning officer

*Raymond
Guck*

EXHIBIT No. 22

TO THE LIBERTY NATIONAL BANK

WASHINGTON, D. C.

I, Anthony Valente, the undersigned
 President ~~Secretary~~ of United Textile Workers of America, A. F. of L., do hereby
 certify that the following is a true copy of a resolution duly adopted at a ~~special~~ ^{regular} meeting of the ~~Board of~~
 Executive Council organization
~~Officers~~ of the said ~~organization~~ duly held at Washington, D. C. on the 19th
 day of October 19 46, a quorum being present, and that the said resolution is in full force
 and effect at this date.

"RESOLVED: A. That President Anthony Valente is authorized
 organization ~~to~~ borrow, from time to time, on behalf of this ~~organization~~ from ~~any~~ any source
 him
 such sums of money for such times and upon such terms as may to ~~him~~ seem advisable, and to execute
 notes and renewals thereof, extensions or agreements in the name of the ~~organization~~ for the repayment of
 any sum so borrowed.
 organization

B. Discount with said bank, commercial or other business paper belonging to this ~~organization~~ made or
 drawn by, or upon third parties without limit as to amount

C. Give security for any liabilities of this ~~organization~~ to said bank by pledge or assignment or lien upon
 any personal property tangible or intangible of this ~~organization~~ and
 organization

D. Execute in such form as may be required by the bank, all notes and other evidence of such loans,
 all instruments of pledge, assignment or lien, and that none of the same shall be valid unless so signed or
 endorsed.

This resolution to be in full force until further notice in writing to said Liberty National Bank, which
 notice shall become operative only from the time of its actual receipt by said bank, and the said bank shall not
 be required, in any case, to make inquiry respecting the application of any instrument executed in virtue of this
 resolution or of the proceeds therefrom, nor be under any obligation to see to the application of such instru-
 ment or proceeds."

The above resolution is in accord with the By-Laws of the ~~organization~~
 organization convention of the organization

The following are the officers of this ~~organization~~, elected at a ~~convention~~ held
 on the 2nd day of May, 1946: Anthony Valente, President; Lloyd Klenert,
 Secretary-Treasurer; Vice-Presidents James Carlen, Frank Scambato,
 Edward Hirschberger, Francis Schaufenbil, Nick Collins, W. R. Herrod.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the said
 organization
~~Organization~~, this 30th day of January, 1947.

(SEAL)

Anthony Valente
~~Secretary~~
 President

Received.

EXHIBIT No. 23

LIBERTY NATIONAL BANK OF WASHINGTON D. C.

Lloyd Klenert

Address: *218 3rd St. N.W.*

Phone: *DI 2132*

City: *WASH. D.C.*

State: *DC*

LIBERTY NATIONAL BANK OF WASHINGTON D. C.
 1400 Pennsylvania Ave. N.W. - 70141

NEW ACCOUNT
 LIBERTY NATIONAL BANK
 WASHINGTON, D. C.

DATE: _____

DEPOSITED TO THE CREDIT OF

NAME: _____
 ADDRESS: _____
 CITY: _____

CASH _____

CHECKS _____

TOTAL \$ *1000000*

THE FALCONER COMPANY, BALTIMORE

United Textile Workers of America
818 13th St., N.W.
Washington 5, D.C.

LEDGER

| CHECKS | DEPOSITS | DATE | NO OF CHECKS | BALANCE | F |
|--------------|-----------------|-----------|-----------------|--------------|-----|
| | BALANCE FORWARD | MAY 13-52 | | 100,000.00 | **J |
| | * 100,000.00 | MAY 13-52 | | * 100,000.00 | **J |
| * 20,000.00✓ | | MAY 15-52 | 1 | * 70,000.00 | **2 |
| * 7,000.00✓ | | | | | 3 |
| * 5,000.00✓ | | | | | 4 |
| * 7,000.00✓ | | | | | 5 |
| * 8,000.00✓ | | | | | 6 |
| * 25,000.00✓ | | MAY 16-52 | 4 | * 43,000.00 | **6 |
| | * 97,440.00 | JUN 24-52 | 1 | * 18,000.00 | **7 |
| * 100,611.12 | | JUL -3-52 | | * 115,440.00 | **8 |
| * 2,000.00✓ | | JUL -8-52 | 1 | * 14,828.88 | **8 |
| * 12,828.88 | | SEP 10-52 | 1 | * 12,828.88 | **9 |
| | | OCT -9-53 | 1 | .00 | **1 |
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KEY TO SYMBOLS

CC - CERTIFIED CHECK EC - ERROR CORRECTION
DM - DEBIT MEMO SC - SERVICE CHARGE

Liberty National Bank

Washington D.C.

EXHIBIT No. 24

Supplement

UNITED STATES WORKERS OF AMERICA

SUPPLEMENTARY AUDIT REPORT FOR

THREE MONTHS ENDING JUNE 30, 1942

Checks drawn payable to cash totaling: \$57,400.00

DATE BANK PAYEE PURPOSE AS DRAWN BY A COUNCIL

CITY BANK:

May 13 35979 Cash Canadian situation
 13 35980 Cash New Jersey situation
 13 35981 Cash North Carolina situation

LIBERTY NATIONAL BANK:

May 14 A2 Cash Organizing Expense - New York
 14 A3 Cash Organizing Expense - Pennsylvania
 14 A4 Cash Organizing Expense - Missouri
 14 A5 Cash Organizing Expense - Massachusetts

Total

Checks drawn payable to cash totaling: \$17,500.00

CITY BANK:

May 27 36219 Cash Expense incurred - Canada
 June 4 36276 Cash Expense - Legislation, Maine
 4 36275 Cash Organizing Expense - South
 4 36276 Cash Organizing Expense - Mid-Atlantic states
 4 36277 Cash Organizing Expense - Massachusetts
 4 36278 Cash Organizing Expense - Mid-west
 5 36306 Cash Extra Expense - International Office
 10 36427 Cash Expense incurred - San River
 16 36428 Cash Expense incurred - Canada
 17 36429 Cash Expense incurred - Pennsylvania

Total

AMOUNT

13,000.00 Cashier's checks issued in like amounts to Anthony Valente,
 7,000.00 endorsed by Anthony Valente, en.cash. and deposited by actual
 10,000.00 title company.

7,000.00 Gifts issued in like amounts to Lloyd Klenert, endorsed by
 6,000.00 Lloyd Klenert, endorsed and deposited by actual title company
 7,000.00
 10,000.00

Total

\$ 6,000.00 No endorsement
 1,000.00 No endorsement
 1,000.00 No endorsement
 1,000.00 No endorsement
 1,000.00 No endorsement
 1,000.00 No endorsement
 500.00 Endorsed by Helen L. Litch (conkeeper)
 500.00 Endorsed by Helen L. Litch (conkeeper)
 1,000.00 Endorsed by Helen L. Litch (conkeeper)

Total

EXHIBIT No. 24A

September 8, 1957

Mr. Lloyd Klenert, International Secretary-Treasurer
United Textile Workers of America
Washington, D. C.

Dear Sir:

Will you please see that the enclosed four copies of supplemental data, is filed with the four copies of the report in your possession. The fifth copy has been given to the American Federation of Labor to be attached to the copy in their possession.

Yours very truly,

ERIC S. JASSON

EXHIBIT No. 24B

ERIC G. JANSSON
CERTIFIED PUBLIC ACCOUNTANT
815 FIFTEENTH STREET N.W.
WASHINGTON 5 D.C.
NATIONAL 2253

September 8, 1952

The International Executive Board
United Textile Workers of America
Washington, D. C.

Gentlemen:

In connection with my report of June 30th, certain pertinent comments must be added and are herewith stated, to become part of that report. During the actual course of the audit, I was given the unequivocal assurance of the President and the Secretary-Treasurer that certain checks drawn payable to cash were used for proper organizing purposes. A schedule of these checks is attached herewith. On August 27th the letter from the Mutual Title Company with the Title Company's check for \$57,000.00 was exhibited to me. This was the first time any mention had been made to me by the President and Secretary-Treasurer that these disbursements were made for a building. Since the letter from the title company describes the refund as a deposit, the same description is used in the disbursements schedule in my report.

Since a copy of my report has been given to the American Federation of Labor and possibly to others, in connection with the current efforts of your President and Secretary-Treasurer to obtain outside financial aid, in my considered opinion it is essential that the foregoing comments together with the accompanying schedule be attached to and made a part of my report dated August 28, 1952 covering the period from April 1, 1952 to June 30, 1952.

Yours very truly,

ERIC G. JANSSON
Certified Public Accountant

MAIN OFFICE
 817 N. 15th Street, N. W.
 WASHINGTON, D. C.

15-66
 511

NO. 57384

WASHINGTON, D. C. June 16, 1952

PAY TO THE
 ORDER OF Lloyd Klenert

FIVE THOUSAND DOLLARS

CASHIER'S CHECK

M. J. Budington

11-000-10

Lloyd Klenert

Pay to the order of
 SECURITY BANK
 Washington, D. C.
 JUN 18 1952

For Deposit to the Account of
 CAMPBELL MUSIC COMPANY, INC.

EXHIBIT No. 26B

15-66
511

FIDELITY CITY BANK

WASHINGTON, D. C. 20016

NO. 57385

FOR DEPOSIT ONLY

CASHIER'S CHECK

\$1,000.00

ONE THOUSAND DOLLARS

PAID TO THE ORDER OF

SECURITY BANK

WASHINGTON, D. C.

JUN 13 1952

IN FULL PAYMENT OF THE ACCOUNT OF
CAMPELLE MUSIC COMPANY, INC.

Lloyd Glenert

Pay to the order of
SECURITY BANK
Washington, D. C.
JUN 13 1952

IN FULL PAYMENT OF THE ACCOUNT OF
CAMPELLE MUSIC COMPANY, INC.

EXHIBIT No. 26C

| | | |
|-----------------------------------|--|--------------|
| THE CITY BANK | | 15-66 511 |
| WASHINGTON, D.C. | | NO. 57386 |
| JUN 16, 1952 | | \$ 1,000.00 |
| PAY TO THE ORDER OF Lloyd Klenert | | |
| CASHIER'S CHECK | | |
| NEW YORK, N.Y. | | |

Lloyd Klenert

Pay to the order of
SECURITY BANK
Washington, D. C.
JUN 18 1952

For Deposit to the Account of
CAMPBELL MUSIC COMPANY, INC.

EXHIBIT No. 27A

0609 W.D.

MAIN OFFICE
511
15-68

THE CITY BANK

WASHINGTON, D.C. June 16, 1933 NO. 57382

Pay to the order of Lloyd K. Hester \$1,000.00

ONE THOUSAND DOLLARS

CASHIER'S CHECK

Lloyd K. Hester

15-68

endorsed to
Washington Gas Light Co.
Lloyd K. Hester

WASHINGTON GAS LIGHT COMPANY
15-3

15-3

15-3

EXHIBIT No. 28

OFFICE COPY

CAMPBELL MUSIC CO., INC

1108 G Street, N. W. Washington, D. C.

SOLD TO

NAME

RESIDENCE

June 18
 511 1/2 Boston Ave. Takoma Park, Md.
 D.C. 20913 546061

Magnum 65 L
 to Pac
 Cherry

7/20/54

DELIVERY DEPARTMENT INSTRUCTIONS BELOW

DELIVER TO NAME

9801 Old Spring Road

ADDRESS

Port Creek Hill - County Seat 16.4 Old Spring Rd

DELIVERED

DATE

TIME

APT NO

When furnished at Shop

BOOKKEEPING AND CREDIT DEPARTMENT INFORMATION BELOW

1 145.00
 2 75.00
 3 15.00
 4 65.00
 5 100.00

785.00

Linnell to Antenna
 deal to follow -

785.00

- 0 -

Cash

EXHIBIT No. 29

OFFICE COPY

Salesman

CAMPBELL MUSIC CO., INC

1108 G Street, N. W. Washington, D. C.

2

Date

June 18

NAME

Mr Lloyd Klenert

ADDRESS

511 Boston Ave

(Wife)

TAKOMA PARK 17

DI 813Y

(Section)

SH 606Y

(City)

(Apt. No.)

(Phone No.)

Md.

Make

Style

Number

Draw No.

Stenway Grand 5-Queen
+ Bench
Reconditioned

291026

TRADE IN (Below)

Emerson

100110

*400

DELIVERY DEPARTMENT (INSTRUCTIONS BELOW)

NAME

7301 Old Spring Road
Corner of Sank Rd + Old Spring Rd

Rock Creek Hk

(First)

Sank Rd

(Street)

(Section)

Old Spring Rd

(Last)

Md.

(City)

TIME

FLOOR

APT. NO.

INSTRUCTIONS Deliver upon completion at Shop

BOOKKEEPING AND CREDIT DEPARTMENT INFORMATION (BELOW)

Papers + Books
Repairs +
Misc - odd

272.50

Amount

Cashiers Credits

400.00

61.50

3186.50

2786.50

400.00

\$ 3186.50

- 0 -

TERMS

Cash

Signature

IMPORTANT - See Reverse Side For Credit Information - FILL IN

ACCOLINE® 40 LMBK 20

on the reverse side.

(2) That title to said merchandise shall remain in the possession of said Company until the purchase price therefor is paid in full.

(3) That said merchandise is not to be used as collateral property, regardless of the method of installation or attachment of said merchandise, and the purchase price and any judgment rendered thereon is to be paid in full.

(4) To take good care of said property and to be responsible for its loss by theft, fire or otherwise.

(5) Not to resell or remove from the premises any merchandise without written consent from said Company and in the event such merchandise is resold Buyer agrees to hold separate and apart the proceeds of such resale up to and including the amount of the unpaid purchase price in trust for said Company.

(6) Not to use or treat the same in any part or attachment thereof for any purpose other than that for which it was originally intended and authorized.

(7) That the monthly payment may be billed on the monthly gas bill, at the option of the Company.

(8) That the Company may return and apply to the payment of this merchandise and any judgment rendered thereon, all deposits made by the Buyer for the service price or for any other purpose, until full payment has been made for this merchandise and any judgment rendered thereon.

(9) That Time is of the essence of this agreement.

(10) Said Buyer further agrees that upon the breach of one or more of the terms and covenants of this agreement, the unpaid balance of said purchase price, shall, at the option of the Company become due and payable at once, and said Company shall have the right, without demand or legal process, to take possession of the merchandise. That having taken possession of the merchandise as aforesaid the said Company may, at its option, as prescribed by law, sell said merchandise at private or public sale, and from the proceeds of the sale, after paying expenses permitted by law, apply as much as remains and is necessary to the payment of the unpaid purchase price and any judgment rendered thereon and the balance, if any, to the Buyer, and that in the event that the balance of the proceeds, after deducting the expenses permitted by law, are sufficient to pay the balance of the purchase price, suit may be filed against the Buyer for the deficiency. Buyer further agrees that the failure of the Company to exercise any option shall not be construed as a waiver of any other time or right to exercise.

THIS INSTRUMENT IS THE FULL AND COMPLETE AGREEMENT BETWEEN SAID BUYER AND COMPANY AND IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT NO SALESPERSON OR AGENT OF SAID COMPANY IS AUTHORIZED TO ORALLY OR IN WRITING VARY THE PRINTED AGREEMENT IN ANY PARTICULAR.

In witness whereof the merchandise listed on the reverse side hereof is subject to credit, contractual, and installation arrangements satisfactory to the Company.

NOTICE TO BUYER

1. You are entitled to a copy of this agreement at the time you sign it.
2. Under the State law regulating instalment sales, you have certain rights, among others:
 - (1) to pay off the full amount due in advance and obtain a partial rebate of the finance charge;
 - (2) to redeem the property if repossessed for a default;
 - (3) to require, under certain conditions, a resale of the property if repossessed.

Date 7/1/54 Chickens Valente Buyer

Date _____ Buyer

WASHINGTON GAS LIGHT COMPANY OF MARYLAND, Inc., Seller.

Date 7/1/54 Chickens Valente Salesperson

The Undersigned Buyer Acknowledges Receipt
of a Copy of the Above Agreement
Signed by the Seller

Date _____ Buyer

UNTIL THE BUYER UNDER AN INSTALMENT SALES AGREEMENT RECEIVES A COPY OF THE AGREEMENT SIGNED BY THE SELLER, THE BUYER HAS AN UNCONDITIONAL RIGHT TO CANCEL THE AGREEMENT AND RECEIVE A REFUND OF ALL PAYMENTS MADE ON ACCOUNT THEREOF.

Chickens Valente

| | | | | | |
|--|----------|---|--|---|--|
| ACCOUNT NUMBER | | 14629931-884 | | WHITE-APPL ACCTG PINK-RECHARGE GREEN-SALE DEPT. | |
| DELIVERY ADDRESS | | 3801 Alameda Park Rd. Ross Cir. H.H. Wm | | WASHINGTON GAS LIGHT COMPANY OF MARYLAND INC. HYATTSVILLE MD 21634 (Selling) # 3204 Wm | |
| PURCHASER'S NAME | | Thoro-Kwest | | DATE PROM BEG SALESPERSON PHONE NO. | |
| PURCHASER'S BILLING ADDRESS | | 54443 | | DATE FOR D 1/1/82 | |
| INSTALLATION BY | | WASH GAS Light Co. | | ZONE NO 1 | |
| QUAN | STOCK NO | TYPE NO | INSTALLER'S ADDRESS 112 W 4th St H.H. Wm | | |
| 1 | 1 | 1 | DESCRIPTION OF MERCHANDISE SEVEN YEAR DE-HY-CAN GAS WATER COOLER SEVEN YEAR DE-HY-CAN GAS WATER COOLER LEASE, FREIGHT, DELIVERY, ERECTION, SKILL WORKMAN FIC | | |
| 33 Installer and 1/22 Water and 1/22 | | | CASH PRICE OF MERCHANDISE 1399 | | |
| LESS TRADE IN (DESCRIBE FULLY) 1399 | | | SALES TAX 11.11 24 TOTAL CASH PRICE 1399 | | |
| SIZE OF SERVICE 1399 | | | NET CASH PRICE LESS DOWN PAYMENT PRINCIPAL UNPAID BALANCE FINANCE AND CARRYING CHARGE UNPAID TIME BALANCE 1399 1399 500 500 | | |
| DOWN PAYMENT OF 1399 | | | THE FOLLOWING PAYMENTS ARE ACCEPTED BY THE EXECUTION OF THIS RECEIPT AND CANNOT BE USED AS SET OFF IN ANY MANNER. WHEN FINAL PAYMENT IS MADE THE PAYMENT IS RELEASED ALL MOUNT OF UNPAID BALANCE | | |
| RECEIVED BY A. R. A. | | | MONTHLY PAYMENTS 116.32 116.00 47 | | |
| CHECKED BY - SALES DEPT. APPROVED - CREDIT MGR. | | | APPROVED - SALES DEPT. X | | |

IMPORTANT! PLEASE READ CAREFULLY!**CONDITIONS AND TERMS**

The said Buyer in consideration of sale by undersigned Company of the merchandise listed on the reverse side, hereby agrees and covenants as follows, to-wit:

(1) To purchase the said merchandise and pay therefor the total purchase price in terms as set forth on the reverse side.

(2) That title in right of possession and ownership of said property is and shall remain vested in said Company, its successors and assigns, until said total purchase price and any judgment rendered thereon is fully paid in cash.

(3) That said merchandise is to be and remain personal property, regardless of the method of installation or affixation of said merchandise, until the said total purchase price and any judgment rendered thereon is fully paid in cash.

(4) To take good care of said property and be responsible for its loss by theft, fire or otherwise.

(5) Not to install or remove it from the place where originally installed without written consent from said Company, and in the event said merchandise is resold Buyer agrees to hold separate and apart the proceeds of such resale up to and including the amount of the unpaid purchase price in trust for said Company.

(6) Not to use or treat the same or any part or attachment thereof for any purpose other than that for which it was originally intended and authorized.

(7) That the monthly payment may be billed on the monthly gas bill, at the option of the company.

(8) That the Company may retain and apply to the payment of this merchandise and any judgment rendered thereon, all deposits made by the Buyer for gas service service pipes or for any other purpose until full payment has been made for this merchandise and any judgment rendered thereon.

(9) That Time is the essence of this agreement.

Said Buyer further agrees that upon the breach of one or more of the terms and covenants of this agreement, the unpaid balance of said purchase price shall, at the option of the Company become due and payable at once and said company shall have the right without demand of legal process to take possession of the merchandise. That having taken possession of the merchandise as aforesaid the said Company may, at its option, as prescribed by law, sell said merchandise at private or public sale, and from the proceeds of the sale, after paying expenses permitted by law, apply so much as remains and is necessary to the payment of the agreed purchase price and any judgment rendered thereon, and the balance, if any, to the Buyer, and that, in the event that the balance of the proceeds, after deducting the expenses permitted by law are sufficient to pay the balance of the purchase price, suit may be filed against the Buyer for the deficiency. Buyer further agrees that the failure of the Company to exercise any option shall not be construed as a waiver of any other breach of right to a suit.

THIS INSTRUMENT IS THE FULL AND COMPLETE AGREEMENT BETWEEN SAID BUYER AND COMPANY AND IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT NO SALESPERSON OR AGENT OF SAID COMPANY IS AUTHORIZED TO ORALLY OR IN WRITING VARY THE PRINTED AGREEMENT IN ANY PARTICULAR.

Delivery of the merchandise listed on the reverse side hereof is subject to credit, contractual, and installation arrangements satisfactory to the company.

NOTICE TO BUYER

1. You are entitled to a copy of this agreement at the time you sign it.
2. Under the State law regulating instalment sales, you have certain rights, among others:
 - (1) to pay off the full amount due in advance and obtain a partial rebate of the finance charge;
 - (2) to redeem the property if repossessed for a default;
 - (3) to require, under certain conditions, a resale of the property if repossessed.

Date 6/16/52 Rayd K. Ernst Buyer

Date _____ Buyer

WASHINGTON GAS LIGHT COMPANY OF MARYLAND, Inc., Seller.

Date 6/16/52 W. H. K. Ernst Salesperson

**The Undersigned Buyer Acknowledges Receipt
of a Copy of the Above Agreement
Signed by the Seller**

Date _____ Buyer

**UNTIL THE BUYER UNDER AN INSTALMENT SALES
AGREEMENT RECEIVES A COPY OF THE AGREEMENT
SIGNED BY THE SELLER, THE BUYER HAS AN UNCON-
DITIONAL RIGHT TO CANCEL THE AGREEMENT AND
RECEIVE A REFUND OF ALL PAYMENTS MADE ON AC-
COUNT THEREOF.**

Rayd K. Ernst

EXHIBIT No. 35

[illegible]

EXHIBIT No. 37

VIA  FOR
DEPENDABLE FAST SERVICE

ERIC G JANSSON

Ausgangspunkt

WASHINGTON 5 0 C

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1

1918

The International Executive to read
United Textile Workers of America
440 Thirteenth Street, N. W.
Washington, D. C.

sentences:

In accordance with a request from your International Trustees, I have examined the books of account of the United Nations Orders of Service for the period beginning April 1, 1945 and ending June 30, 1945. In view of the fact that the following table:

- x = total payment for the entire
- y = payment of ...
- z = statement of ... is ...
- ys = ...
- y = ...
- ... = ...

... on December 20, 1964, by the ... it is ...
... you ... the ... the ... the ...

14 received mail from London Union - enclosed letter to him & his
ne wants to go to the bank.

[illegible]

4. 7 1. 1991.

Exhibit is considered to be a letter of inquiry in
it, it is obviously very different from the letter of
that the letter of inquiry is a letter of inquiry, which
which we were not in a position to answer. The letter
of inquiry is a letter of inquiry, which we were not in a
position to answer. The letter of inquiry is a letter of inquiry,

I am very sorry to tell you that the last of the
mail in for you on the 11th of the month has not yet
reached me. I am in a very bad position and I
do not know where it is. I am in a very bad
position and I do not know where it is. I am in a
very bad position and I do not know where it is.

- 2 -

The International Executive Board
United Textile Workers of America
818 Thirteenth Street, N. W.
Washington, D. C.

Income from local unions was \$13,647.48 less than for the preceding quarter and \$1,071.35 less than for the same quarter a year ago as follows:

| | JUN 30, 1952 | MARCH 31, 1952 | JUN 30, 1951 |
|--------------|-------------------|--------------------|---------------------|
| General Fund | \$1,081.13 | 14,789.08 | \$158,640.00 |
| Refund Fund | 1,066.47 | 1,541.80 | 17,123.10 |
| Total | <u>\$2,147.60</u> | <u>\$16,330.88</u> | <u>\$175,763.10</u> |

During the month of May 1952, government bonds in the amount of \$10,000.00 were purchased through the City Bank, and a like amount was turned over to the Liberty National Bank for retention. As of June 1 the Liberty National Bank had not received settlement from the Treasury Department and pending receipt of this settlement, the City Bank your organization's \$10,000.00 which was credited to your account. It was reported that settlement was received on July 1 and the loan was thereupon paid off. The amount of \$10,000.00 of this cash has been transferred to the City Bank and the City Bank has been credited with a balance of \$10,000.00 in the Liberty National Bank.

Your financial position during this period by \$17,848.48 as follows:

| | JUN 30, 1952 | MARCH 31, 1952 | JUN 30, 1951 |
|-------------|--------------------|--------------------|---------------------|
| Assets | \$1,081.13 | \$1,541.80 | \$158,640.00 |
| Liabilities | <u>\$1,066.47</u> | <u>\$1,541.80</u> | <u>\$17,123.10</u> |
| Balance | <u>\$17,848.48</u> | <u>\$16,330.88</u> | <u>\$175,763.10</u> |

A deficit was incurred in August 1952 in the expenditure described herein-

This report is prepared entirely on the basis of cash receipts and disbursements, it does not reflect items such as the following:

Amounts due from local unions
Amounts paid to local unions
Amounts received from local unions
Amounts received from local unions

Very truly,

Arthur J. Smith
Certified Public Accountant

EXHIBIT No. 43

MUTUAL FIBRE COMPANY
LOMONDS BLDG 917 15TH ST. N. W.

No. 6956

WASHINGTON, D.C.

15-54
511

19

PAY TO THE ORDER OF

\$ 100.00

FIVE HUNDRED DOLLARS

TO ORDER

THE WASHINGTON LOAN AND TRUST CO.

WASHINGTON, D.C.

DOLLARS

MUTUAL FIBRE COMPANY - PAYEE ACCOUNT

United Textile Workers
PRESIDENT - VICE PRESIDENT

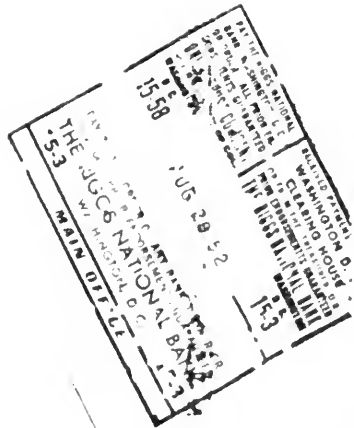
TREASURER

FOR DEPOSIT ONLY

*Edward G. Herbert*EDWARD G. HERBERT
1500 14TH ST. N.W.
UNITED TEXTILE WORKERS OF AMERICATHE NATIONAL BANK OF WASH.
WASHINGTON, D.C.THE NATIONAL BANK OF WASH.
WASHINGTON, D.C.

EXHIBIT No. 44

| | | | |
|---|-------------|-----------|---------|
| WASHINGTON, D.C. | AUG 27 1952 | 19 | No. |
| LIBERTY NATIONAL BANK | | 15-94 | 511 |
| OF WASHINGTON | | | |
| PAY TO THE ORDER OF Martin J. Quigley, Attorney | | \$ 666.67 | |
| *****66 DOLLARS 67 CTS | | | |
| Nolan-Textile Union | | | DOLLARS |
| <i>John J. Quigley</i> | | | |



Mark Hughes, attorney
Mark Hughes

EXHIBIT No. 45

Deposited with
**The Washington Loan
 and Trust Company**
 Washington, D.C.

In making deposits the depositor agrees with The Washington Loan and Trust Company of Washington, D. C., that items received for deposit or collection are accepted on the following terms and conditions. This Bank acts only as depositor's collecting agent and assumes no responsibility beyond its exercise of due care. All items are credited subject to final payment and to receipt of proceeds of final payment in cash or solvent credits by this Bank at its own office. This Bank may forward items to correspondents and shall not be liable for default or negligence of correspondents selected with due care nor for losses in transit and each correspondent shall not be liable except for its own negligence. Items and their proceeds may be handled by any Federal Reserve bank in accordance with applicable Federal Reserve rules and by this Bank or any correspondent in accordance with any common bank usage with any practice or procedure that a Federal Reserve bank may use or permit another bank to use or with any other lawful means. This Bank may charge back at any time prior to midnight on its business day next following the day of receipt any item drawn on this Bank which is ascertained to be drawn against insufficient funds or otherwise not good or payable. An item received after this Bank's regular afternoon closing hour shall be deemed received the next business day. This agreement is subject to all laws and regulations of the United States and of the District of Columbia now or hereinafter in force. (Revised Oct. 2, 1950)

TO THE CREDIT OF ~~Deposit To The Credit Of~~

Name

MUTUAL TITLE COMPANY

TRUSTEE ACCOUNT

Date

August 26,

1952

SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED

DOLLARS CTS

Deposits

cash

checks as follows

(PLEASE ENTER SEPARATELY)

15-7 Lloyd Klenert

5,000.00

15-7 Anthony Valente

7,500.00

1-30 Lloyd Klenert

14,000.00

15-6 S. Rosenblatt

33,500.00

Total

60,100.00

EXHIBIT No. 47

UNITED TEXTILE WORKERS of AMERICA

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR
 818 13th STREET, N. W. WASHINGTON 5 D C

ANTHONY VALENTE
 International President

LLOYD KLFNERT
 International Secretary Treasurer

TELEPHONE DISTRICT 7 0132 3456

VICE-PRESIDENTS

ERMAN ACKROYD
 Sanford, Maine

HNNIE E. BROWN
 Rockmart, Georgia

MES E. CARLEN
 Drouot, Massachusetts

NNETH G. CLARK
 Hudson, Massachusetts

ERETT F. DEAN
 Johnson City, Tennessee

BERT DISSINGER
 Maheshm, Pennsylvania

Y S. GROENERT
 Kenosha, Wisconsin

R. HERROD
 Birmingham, Ala.

WARD HIRSCHBERGER
 Lancaster, Pennsylvania

TON HYMAN
 Elizabeth, New York

HAEL J. KELLY
 Chattanooga, Tennessee

EPH KRAUSE
 Paterson, New Jersey

SEY MOGELEY
 Charleston, S. C.

IS RUBINO
 New York

LP SALFM
 Lawrence, Mass

NCIS SCHAUFENBIL
 Lawrence, Mass

NK J. SCAMBATI
 Providence, R. I.

LIAM SILCOX
 New York

S. WHITMIRE
 Asheville, N. C.

Robert H. Brown

George H. H. H.

**TRUSTEES**

BERT DROUIN
 ALYS EMERSON
 DONOR MULLIN

A second factor that may have contributed to the present situation is the fact that the AFL-CIO, which was the only labor union to have a formal working relationship with the White House, met with the President and Vice President in the White House in 1969 to discuss the labor situation. It was certain that the AFL-CIO would be the only labor union to meet with the President and Vice President in the White House. The AFL-CIO, however, did not take any action to bring about the formation of such groups. The AFL-CIO, therefore, was not able to take any action to bring about the formation of such groups.

On the basis of the above, we can make a preliminary comment by members of the Commission on the work of the Council of the President and Secretaries of the Union. The Council has been able to coordinate, prevent and, if necessary, to resolve the conflicts that have arisen in the organization of these enterprises. The Council has been able to coordinate a national conflict or difficulty and to coordinate the work of the enterprises in the Union.

... particularly instructed the President and Secretary of the Board to appear to be moving in the direction

of success, that they should safeguard the structure and membership of the existing United Textile Workers of America, and not make it possible for the new group or the transferred group to cause a schism in, or to join, or to create a political schism within the organization, such as existed in IUA CIO, which might result in the destruction of the stability and of the membership under the leadership of the Executive Board and the officers of the International Union.

It was also discussed that should such dissident groups be amenable to joining with the United Textile Workers of America, it might be necessary to provide funds for such transfer in order to expedite same, and in order to offer posts within the United Textile Workers among the leaders of such dissident groups. The President and secretary and treasurer were authorized to expend such funds as in their discretion would assist in the transferring of such members and in the bringing of such leaders into the organization.

The Executive Board cautioned the President and secretary and treasurer to make certain that such negotiations and the consummation of same should not result in a hostile cross by any of the dissident leaders or groups who might decide to come into the United Textile Workers of America.

In the discussion it was clearly pointed out that the United Textile Workers had, by much sacrifice and hard work, finally established itself financially and that the President and secretary and treasurer were charged with the responsibility of preserving the financial status, the organizational stability, and the protection of the U. W. members and leaders against any possible political factionalism that might be developed as such existed. This protection was to include such control or distribution of finance as might be necessary during the period in which the new members and leaders might be transferred into the organization and until such time as there had been a complete and harmonious amalgamation into the existing U. W. structure.

Following the Board meeting, the President and secretary and treasurer investigated possibilities of the purchase of real estate in Washington, D. C., on behalf of the United Textile Workers. The investigation included buildings which might be occupied in whole or in part by the U. W. as an office, as well as property which might serve as an investment for the U. W. In the course of such search the sum of \$95,000 was deposited with the Mutual Title Company to be used should such a purchase be made.

Meanwhile, considerable progress had been made toward the transfer of a large number of members and leaders from the IUA into the U. W. A Executive Board meeting was called for May 19, 1952, at which time a complete report of the progress of such negotiations was reported and a thorough discussion was had of the then existing situation. Prior to this meeting, conferences and discussions were held with members of the Executive Board. Consequently, the Executive Board concurred with the withdrawal of the \$95,000 deposit which had been placed with the Mutual Title Company, inasmuch as the undertaking of the transfer of this large segment of members eliminated at the moment the possibility of the purchase of real estate, or of any investment of funds in such an amount.

At the same time, it was abundantly evident that in order to carry out the policy that had been established and enunciated in April, 1952, it would be highly desirable that funds be segregated, to be used for any eventuality which might arise out of the acquisition of such a large and heretofore antagonistic group to preserve the stability and structure of the UTW. The Executive Board, therefore, concurred that a suitable and substantial sum, as in the discretion of the President and Secretary-Treasurer might care for any eventuality, be set aside for such purpose. Executive Council members suggested that such funds be earmarked "organizational funds" and that it not appear on any official report with any other designation.

The Committee finds that in keeping with such recommendations, the sums of \$30,000 and \$27,000 were immediately set aside in liquid fashion for such purpose. The Committee further finds that thereafter when the question arose that such funds had been apparently withdrawn from the organization for the private and personal use of the President and Secretary-Treasurer, after consultation with members of the Executive Board, the stated amount of money was returned to the treasury of the United Textile Workers on August 27, 1952.

The necessary bookkeeping entries were consummated in the allocation of the funds as stated. All funds which were thus set aside in conformance with the Board action are in the treasury of the United Textile Workers of America, and have been verified by transmission of letters, examination of bank records and by a CPA report of Eric G. Jansson, and later by a report made by a new accountant, James W. Sawyer.

In this connection, it is reported that the Trustees, in keeping with the recommendations of the Executive Board made in New York on September 24, 1952, employed the services of one James W. Sawyer, a Certified Public Accountant, to audit the books of the organization. A copy of the audit through September 30, 1952 is attached hereto.

In the course of the investigation, the Committee ascertained that it is not unusual for a title company to handle funds in connection with real estate transactions, escrow accounts, and for the purpose of disbursement upon the consummation of real estate purchases.

As a further part of the investigation, the Committee checked on the purchase of a home by President Anthony Valente. It finds that in April, 1952, prior to the Miami Convention, he made a deposit of \$1,000 on the premises known as 3507 Sanl Road, Kensington, Maryland, towards the eventual purchase of this property to the sum of \$42,500. The deed to the property was recorded in May 1952, and a complete settlement sheet was prepared and delivered to the parties by the Matinal Title Company. This property bore a first trust in the amount of \$10,000, which was placed on public record on April 23, 1951, and which was never removed and was assumed by Valente, and a second trust of \$10,000 placed on public record in May, 1952.

Also in May, 1952, Anthony Valente mortgaged his life insurance policies with the City Bank in the amount of \$7,500, which was applied together with cash payment totaling \$4,500 on this property. The house was occupied and actual possession occurred on May 29, 1952.

Our investigation discloses that there is a letter from the Mutual Title Company, stating that there has been an error in the recording of the stamps applied on some of the instruments which were paid for recently.

Our investigation further discloses that the total value of the property is \$9,500, and that the balance of the mortgage is for the principal loan mentioned.

Our investigation of the purchase of the home known as 961 Giff Spring Road, Kensington, Maryland, discloses that in April, 1952, prior to the March Convention, a mortgage for \$24,000 toward the purchase price of \$27,000 on this property was made. The mortgage was placed on same on April 23, 1952, and was paid for by a check which was assumed by Klevert, in the amount of \$29,250.

In May, 1952, the Mutual Title Company prepared the settlement disbursement sheet and received for this property was received. Also in May, 1952, a second trust in the amount of \$15,000 was received. In the same month, Lloyd Klevert mortgaged a home in the amount of \$15,000 in connection with the City Bank, which was applied to the purchase price of this property. The balance of the purchase price was obtained by mortgaging the house in which he then lived. The house at Kensington, Maryland, was occupied and actual possession occurred in the latter part of May, 1952.

Our further investigation shows that regular monthly payments are presently being made by both Anthony Valente and Lloyd Klevert to the trust held by the Equitable Insurance Company. Payments on the other trust are not currently payable, being referred to a lawyer.

In each instance the former three individuals have generally obtained and inspected the original and primary records.

It has been the purpose and intent of this section to make its report on public documents and written records, rather than on hearsay, rumors, or faulty recollections, and that this section takes particular exception with the enunciated policy of the Executive Board to avoid dissemination of discussions and decisions and carry them to the Executive Officers of the Council.

We find that all funds of the United Textile Workers of America have been properly accounted for and are in the hands of the Treasurer. We further find that the funds of the organization have been used for the advancement of the organization and the promotion of its interests. We find that when the transfer of some of former CIO members into the United Textile Workers of America has been effectuated, that there is yet a considerable profit balance. In our opinion, the success of this transfer lies in the consummation of the plan and the formation laid in the Board meeting in April, 1952, and in subsequent meetings.

-5-

We recommend that this report be adopted by the International Executive Board and that a copy be sent to the sub-committee headed by President George Meany, with an expression of thanks for the interest of the officials of the American Federation of Labor in the welfare of the United Textile Workers of America.

Respectfully submitted,

COMMITTEE REPRESENTING
INTERNATIONAL EXECUTIVE BOARD
UNITED TEXTILE WORKERS OF AMERICA

Barton Hyman

William J. Smith

Joseph J. Smith

EXHIBIT No. 48



ONE DISTANCE TELEPHONE NATIONAL 8870-1-3-2-4
CABLE ADDRESS AFEL.

AMERICAN FEDERATION OF LABOR

Executive Council

President, WILLIAM GROSS

Secretary-Treasurer, GEORGE HAZARD
A. F. of L. Building, Washington, D. C.

First Vice President, WILLIAM L. BRYANSON,

Carverton Bldg., Indianapolis, Ind.

Second Vice President, HAYWOOD WELLS,

212 East 11th Street, New York, N. Y.

Third Vice President, BEN F. LAMBERT,

Railway Clerk Bldg., Cincinnati, O.

Fourth Vice President, CLARENCE J. TUNNEY,

212 East Exchange St., Indianapolis, Ind.

Fifth Vice President, EUGENE C. SMITH,

212 Fifteenth St., N. W., Washington, D. C.

Sixth Vice President, W. C. BENTLEY,

Directorate at 1000 15th Street, Indianapolis, Ind.

Seventh Vice President, W. C. DUNNERT,

1002 N. E. 2nd St., W. Washington, D. C.

Eighth Vice President, BURTON DUNNERT,

1718 Broadway, New York, N. Y.

Ninth Vice President, CHARLES J. MATHIAS,

West Northwestern Bldg., 210 St. at State Ave.,

London, Ohio, Ohio

Tenth Vice President, HERMAN W. WATSON,

1000 Adams Street East, Kansas City, Missouri

Eleventh Vice President, D. W. PUGH,

1000 Fifteenth St., N. W., Washington, D. C.

Twelfth Vice President, WILLIAM L. BENTLEY,

212 W. Exchange Street, Chicago, Ill.

Thirteenth Vice President, JAMES C. FOWLER,

212 Lexington Avenue, New York 17, N. Y.

Washington 1, D. C.

February 19, 1953

Mr. Anthony Valente, President
United Textile Workers of America
414 13th Street, N.W.
Washington 5, D.C.

Dear Sir and Brother:

This is to inform you that the Executive Council of the American Federation of Labor, at its meeting in Miami Beach, Florida, on Monday, February 9, 1953 considered and discussed the report submitted by the Committee Representing the International Executive Council of the United Textile Workers of America. This report disclosed the results of that committee's investigation into certain matters brought to the attention of the Executive Board of the United Textile Workers by a sub-committee of the Executive Council of the American Federation of Labor on September 24, 1952. This report was enclosed in a letter addressed to me by the Committee Representing International Executive Board United Textile Workers of America under date of January 28, 1953 and signed by Burton Hyman, Philip Salem, Joseph Jacob, Francis Schaufenbil, Roy B. Groenert. In this letter, it is stated that the report was accepted by unanimous vote of the Executive Board of the United Textile Workers.

Please be advised that the Executive Council of the American Federation of Labor decided to file this report as part of the official records of the American Federation of Labor. In doing so, the Council asked me to bring to your attention the following:

The report fails to disclose why an admittedly false financial statement was submitted to the American Federation of Labor by the President and Secretary-Treasurer of the United Textile Workers in support of an appeal for financial assistance, either from the American Federation of Labor direct, or through the American Federation of Labor from

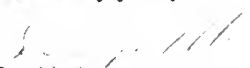
Mr. Anthony Valente

-2-

February 14, 1953

its affiliated organizations. In addition, the report, while stating generally "that the funds of the organization have been used for the advancement of the organization and the promotion of its interest" fails to state if an investigation had been specifically directed to the ascertainment of the circumstances surrounding the expenditure of certain large sums of money, which expenditures had been specifically called to the attention of the Executive Board and Trustees of the United Textile Workers at the conference of September 24, 1952.

Fraternally yours,


President
American Federation of Labor

M/em

EXHIBIT No. 50A

NATIONAL TRUCK RENTAL CO., INC.*Passenger Car and Truck Leasing*

HEADQUARTERS • 2316 GEORGIA AVENUE, N. W. • WASHINGTON 1, D. C. • NORTH 7-7700

June 18, 1957

The United States Senate
Washington, D. C.Attention: Mr. Robert F. Kennedy, Chief Counsel
Select Committee on Improper Activities in the Labor or Management
Field.

Gentlemen:

In compliance with your request of June 14th and in confirmation of our telephone conversation of the same date, we are pleased to submit our car leasing proposal.

We will supply 1957 Chevrolet 210 series, 2 or 4 door sedans, or their equivalents, equipped with heaters and defrosters, directional signals and standard transmissions.

On an 18 month basis, the rental rate would be \$89.00 per month per unit. Our service would include only the automobiles and the following insurance:

| | |
|-------------------|----------------------|
| \$ 100/300,000.00 | Public Liability |
| 5,000.00 | Deductible Collision |
| | Fire & Theft |

Your request for \$15,000.00 in property damage would increase the lease rate to \$89.40 per unit per month.

Under the lease agreement, you would supply all the licenses, maintenance and repairs, service, gasoline, oil, lubrication, storage and washing.

We appreciate the opportunity to be of service. Please do not hesitate to call if you require any additional information.

Very truly yours,

NATIONAL TRUCK RENTAL CO., INC.

O. W. Biggs
Sales ManagerSELECT COMMITTEE
LABOR MANAGEMENT

JUN 18 1957

ROUTED

INITIAL

FILE NO.

O.B:cp

ASSOCIATED COMPANIES

York Truck Rental Company, Inc., York, Pa. • Truck Rental Company, Inc., Baltimore, Md.
Virginia Truck Rental, Inc., Alexandria, Va.

EXHIBIT No. 50B

THE CORPORATION

218 SOUTH WABASH AVENUE

CHICAGO 4, ILLINOIS

PHONE Webster 9-5105

ROBINSON
CAR LEASING
DIVISION

June 19, 1957

Mr. Robert F. Kennedy, Chief Counsel
United States Senate
Select Committee on Improper Activities
in the Labor or Management Field
Washington, D. C.

Dear Mr. Kennedy:

We were most pleased to receive an inquiry from such a distinguished group and spokesman.

We lease Chevrolet 210, 2 or 4 door, 8-cylinder models with heater and defroster, or their Ford equivalent for \$94.50 per car per month on an 18-24 month contract.

This rate includes fire, theft and \$50.00 deductible collision protection. It also includes all repairs, maintenance, license and \$300,000/\$100,000/\$15,000 Public Liability and Property Damage Insurance.

It does not include gasoline or oil, or state and local taxes, where applicable.

The rate quoted you includes our normal maintenance reserve for cars leased by us to industrial firms and driven principally by salesmen. It is our feeling that cars leased by you for Committee activities would probably run less miles, easier miles, and that the expense and general usage of the cars would be more closely controlled by the Committee than is possible with the average salesman. With this supposition in mind, we would be pleased to reduce our rate to your Committee from \$94.50 to \$89.50 a month.

There is a possibility which you are perhaps in better position to explore than we are: If because of the fact that the lessee is to be the United States Senate we could get the Federal Excise Tax waived, this further saving would be passed on to you in the form of a further rate reduction.

We have attached a set of contracts for your inspection and approval. We await your further word and hope to be able to serve you.

Cordially yours,

Car Leasing Division
THE HERTZ CORPORATIONHubert Ryan
Vice PresidentHR:nb
Enc. -

EXHIBIT No. 50C

JUNIPER 9-0547

JUNIPER 9-6257

CAPITOL DRIV-UR-SELF SYSTEM

504 LANARK WAY

SILVER SPRING MARYLAND

AUTOMOBILE FLEET LEASING

Charles Kutman

REC'D JUN 1 1967

RECEIVED

INITIAL FILE NO.

EXHIBIT No. 51A

January 2, 1957

Auto Leasing Company
160 Central Avenue, S. W.
Atlanta 3, Georgia

Gentlemen:

Enclosed you will find our check #58992 in the amount of \$300.00 to cover 3 cars for the month of January 1957 - Emanuel Boggs, Joseph Pedigo and Elmer Crumley.

With kind regards, I am

Very truly yours,

Lloyd Klenert
International Secretary-Treasurer

LK:fa
2 oeu
Enclosure

58992

NO

12-7
BTT

WASHINGTON, D. C.

United Textile Workers of America

PAY TO THE
ORDER OF

DOLLARS

TO THE NATIONAL BANK OF
WASHINGTON

WASHINGTON, D. C.

ONE HUNDRED

AND SEVENTY

ONE DOLLARS

EXPENSES

SALARY

TOTAL

LESS

U. S. TAX

INCOME TAX

BONDED

TOTAL DED.

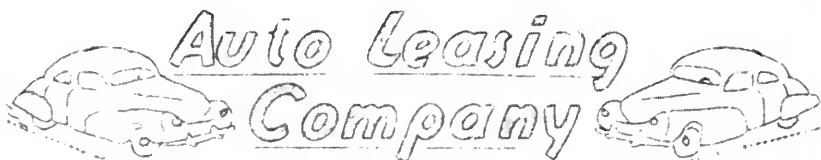
AMT. OF CHECK

AUTO LEASING COMPANY

FOR DEPOSIT ONLY



EXHIBIT No. 51B



160 CENTRAL AVENUE, S. E.

ATLANTA 2, GEORGIA

WALNUT 4280

January 24, 1957

Mr. Lloyd Klenert, Secy-Treas.
United Textile Workers of America
818 Thirteenth Street, N. W.
Washington 5, D. C.

Dear Mr. Klenert:

We have heretofore received your check in the amount of \$300 covering the three cars which were delivered and are being used by three men on the staff.

In addition to that one of the old Chevrolets is currently being used by Howard Robertson for which there is the amount of \$100 due for this month.

We have this day delivered to members of the staff which now include Reynolds, Jacobs, and Cope, three new automobiles which will be run for 14 days in this month. This would be equal to one month's rental for one car. If you will, therefore, send us your check in the amount of \$200 that will cover the rental on the cars for the month of January.

Immediately prior to the month of February we will bill you in the amount sufficient to cover the cars which will be operated by your staff for the month of February.

With kind regards, I am

Yours very truly,

Auto Leasing Company

JJ:sd

57231

No. 59231

WASHINGTON, D. C.

19-2
511

United Textile Workers of America
AFFILIATED WITH AMERICAN FEDERATION OF LABOR

PAY TO THE ORDER OF

UNITED TEXTILE WORKERS OF AMERICA - 200 DOLLARS

JAN 3 1967


TO THE NATIONAL BANK OF WASHINGTON
714 ST. AT PENNSYLVANIA AVE. N. W.
WASHINGTON, D. C.

INTERNATIONAL SECRETARY-TREASURER

| | |
|--------------|--|
| EXPENSES | |
| SALARY | |
| TOTAL | |
| LESS | |
| 9 & TAX | |
| INCOME TAX | |
| BOND DED | |
| TOTAL DED | |
| AMT OF CHECK | |

FOR DEPOSIT ONLY
AUTO LEASING COMPANY

EXHIBIT No. 51C



Auto Leasing Company

160 CENTRAL AVENUE, S. W.

ATLANTA 2, GEORGIA

WALNUT 4280

January 28, 1957

Mr. Lloyd Klenert, Secy-Treas.
United Textile Workers of America
818 Thirteenth Street, N. W.
Washington 5, D. C.

Dear Mr. Klenert

As of this time and for the month of February we have leased to you and delivered to members of the UTW Staff eight automobiles.

There are five new Fords which are currently being operated by Cope, Crumley, Counts, Boggs, and Pedigo for which the rental is \$1.00 per month.

There is currently being operated one car by Hyman at a rental of \$133; one car by Jacobs at a rental of \$139.

A Chevrolet is still being operated by Robertson at a rental of \$100.

This makes a total which will be due as of February 1st \$872.

Shortly after the first of the month we will be in position to deliver one additional Ford which will be operated by Reynolds or Robertson. In such event one of the two of these men will continue to operate the Chevrolet. This will mean that when the car is delivered we will advise you what amount will be due for February on that car. It is likely that the delivery will be made on or about the first but at this moment we cannot tell you exactly.

With kind regards, we are

Yours very truly,

AUTO LEASING COMPANY



United Textile Workers of America

15-7
511

8

No.

\$

DOLLARS

WASHINGTON, D. C.

UNITED TEXTILE WORKERS OF AMERICA 87250500 CTS

FEB 6 1957

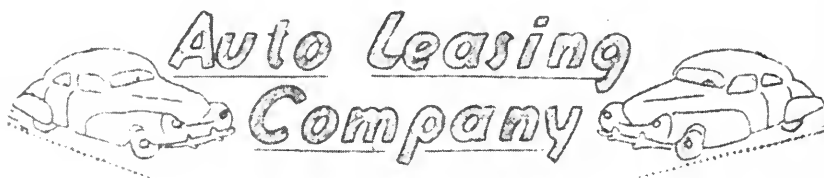
THE NATIONAL BANK OF WASHINGTON

Auto Leasing Company

FOR DEPOSIT ONLY



EXHIBIT No. 51D



160 CENTRAL AVENUE, S. W.

ATLANTA 2, GEORGIA

WALNUT 4280

February 26, 1957

Mr. Lloyd Klenert, Secretary-Treasurer
United Textile Workers of America
820 Thirteenth Street, N. W.
Washington 5, D. C.

Dear Mr. Klenert:

In our letter to you under date of January 28, 1957, we advised you that one additional 1957 Ford Custom 400 would be available for use by Wilbur Reynolds during the early part of February. This car was delivered on February 13th and is currently being operated by Reynolds out of Rockmart, Georgia. There is a rental of \$50.00 due on this car for the month of February.

There are nine automobiles now being operated by members of the United Textile Workers of America staff. Seven of these cars have a monthly rental of \$100.00; one car has a monthly rental of \$133.00; and one car has a monthly rental of \$139.00, making a total of \$972.00 month rental due as of March 1, 1957.

With kind regards, we are

Yours very truly,

AUTO LEASING COMPANY

United Textile Workers of America

15-7
511

353

NO

WASHINGTON, D C

\$

DOLLARS

3 15 822 DOLLS 00 CTS

1/3

AUTO LEASING COMPANY

FOR DEPOSIT ONLY

EXHIBIT No. 52A

CHECK NO. 511-22

EXPENSE VOUCHER

RECEIVED OF **United Textile Workers of America**

IN THE AMOUNT OF \$ 100

THIS AMOUNT WAS USED FOR

RECEIVED

EXPENDITURE AUTHORIZED BY

DATE

No 55434

127
111

DOLLARS

INTERNATIONAL SECRETARY TREASURER

United Textile Workers of America

AFFILIATED WITH AMERICAN FEDERATION OF LABOR

PAY TO THE
ORDER OF

217 DOLS 43 CTS

TO THE NATIONAL BANK OF

1743-2

WASHINGTON D C

EXPENSE

SALARY

TOTAL

LESS

N. S. TAX

INCOME TAX

FUNDING

TOTAL

AMT. CTS.

Meyerson



EXHIBIT No. 52B

CHECK NO. 55435

EXPENSE VOUCHER

RECEIVED OF **United Textile Workers of America**IN THE AMOUNT OF \$ 637 ^{29/} ₁₀₀

THIS AMOUNT WAS USED FOR

Expenses in Labor Landings

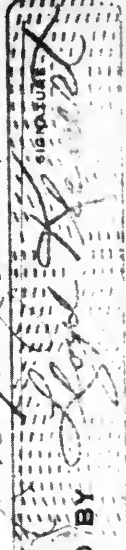
FEB 16 1956

RECEIVED

EXPENDITURE AUTHORIZED BY

2-17-56

DATE



No 55435

No

WASHINGTON, D. C. 20540

15.2
211

United Textile Workers of America

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR

PAY TO THE
ORDER OF

63700529 CTS

DOLLARS

TO THE NATIONAL BANK OF
WASHINGTON

711 S. AT PENNSYLVANIA
WASHINGTON, D. C.

INTERNATIONAL SECRETARY TREASURER

PAID BY BANK
TO THE ORDER OF
UNITED TEXTILE WORKERS OF AMERICA
WASHINGTON, D. C. 20540
63700529 CTS
63700529 CTS
UNITED TEXTILE WORKERS OF AMERICA
WASHINGTON, D. C. 20540

EXHIBIT No. 52C

CHECK NO. 55436

EXPENSE VOUCHER

RECEIVED OF **United Textile Workers of America**IN THE AMOUNT OF \$ 481 ¹⁸/₁₀₀

THIS AMOUNT WAS USED FOR

Expenses United Piece
Charleston, S.C.

RECEIVED

Feb 16 1956EXPENDITURE AUTHORIZED BY Logan K. Hunt2-17-56

DATE

No 55436

1947
BTT

WASHINGTON, D. C.

United Textile Workers of America
AFFILIATED WITH AMERICAN FEDERATION OF LABOR

PAY TO THE
ORDER OF

487 DOLLARS 18 CTS

DOLLARS

TO THE NATIONAL BANK OF
WASHINGTON
WASHINGTON, D. C.

INTERNATIONAL SECURITY PAYABLE

EXPENSES
SALARY
TOTAL
LESS
U. S. TAX
INCOME TAX
NET AMOUNT

TOTAL
AMOUNT

002 54 333

CHECK NO. 55437

EXPENSE VOUCHER

RECEIVED OF United Textile Workers of America

IN THE AMOUNT OF \$ 159 ⁸²/₁₀₀

THIS AMOUNT WAS USED FOR

Expense re. Carolina Harrow Fabrics
 Winston-Salem, N.C.

RECEIVED

FEB 16 1956

EXPENDITURE AUTHORIZED BY

2-17-56

DATE

Expense - *Teacher*
Henry Seligson
Winter School, S.C.

No. **55437**
 WASHINGTON, D. C., *2-17-36*
 UNION

15-2
 511

United Textile Workers of America
 AFFILIATED WITH AMERICAN FEDERATION OF LABOR

PAY TO THE ORDER OF *James J. [illegible]*
 UNITED TEXTILE WORKERS OF AMERICA
 159,058.25 CTS
 FEB 18 1936

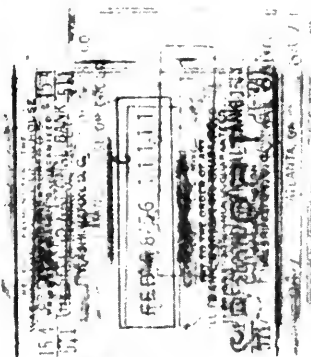
82
 \$159.10 DOLLARS

TO THE NATIONAL BANK OF
 FEB 22 WASHINGTON, D. C.
 7TH ST. AT PENNSYLVANIA

| | |
|---------------|--|
| EXPENSES | |
| SALARY | |
| TOTAL | |
| LESS | |
| S. S. TAX | |
| INCOME TAX | |
| BOND DED. | |
| TOTAL DED. | |
| AMT. OF CHECK | |

INTERNATIONAL SECRETARY-TREASURER

James J. [illegible]
Harriet Rosenwald



NATIONAL PUBLISHING COMPANY No. 5213

THIRD AND B STS., N. E., WASHINGTON 2, D. C.

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| No. of Digits | 56 |
| If Business Printing | |

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ORDER OF

Lester L. Thomas

8-22-1944

\$5,000.00

N. P. C. *5000 DOLLARS

Dollars

NATIONAL PUBLISHING COMPANY

90 THE RIGGS NATIONAL BANK

WASHINGTON, D. C.

R. M. Peak, C. A. McHenry

ALL CHECKS MUST BE
DEPOSITED IN THE
NATIONAL BANK OF WASHINGTON
OR ITS BRANCHES
OR THE NATIONAL BANK OF WASHINGTON
OR ITS BRANCHES

AUG 27 1944 3:33

ANY BANK DEPOSIT IN THE
NATIONAL BANK OF WASHINGTON
OR ITS BRANCHES

Lester L. Thomas
best account of
Lester L. Thomas





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